

DEC. 8
1934

BUSINESS WEEK



McGRAW-HILL
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20 CENTS

International
BUSINESS PLATFORM—C. L. Bardo, as President of the National Association of Manufacturers, was a leader in this week's Congress of American Industry, called to draft a recovery program for the next Congress.

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CINDERELLA'S ON ICE

—due to a magic that no fairy godmother ever possessed . . . *Household* magic.

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The Business Outlook

DESPITE the fact that the business complexion has taken on a more healthful appearance in these last few weeks, the Administration finds itself in a tough spot. A program must be ready to present to Congress in January involving momentous decisions.

Just how the 10 millions of unemployed shall be taken care of next year is the major problem. It has already given rise to conflicts of opinion within the official family, to settle which will tax all the resourcefulness of the President.

Few Suggestions

To those who had hoped that industry itself would come forward with workable suggestions for insuring the continuance of recovery, the platform offered by the manufacturers is interesting. The N.A.M. does, indeed, make a start with a carefully thought-out and constructive plan for the future of NRA. Beyond that, however, no concrete plan of action is formulated, except by the implications of criticism of various existing policies.

Effective Protest

An important woolen manufacturer protested against limitation of machine hours. Holding that such restriction means less employment and lost business volume, he won a 90-day release from such limitations and stands ready to reemploy 200-500 additional workers. There can be little question that industry as a whole must find a way to increase production, that 1929 must be reached again and surpassed, both in output and national income.

A Month's Progress

November made good progress in the right direction. Production in leading industries continued to move upward. Steel activity has advanced for 7 consecutive weeks, is now above comparable weeks of the last 3 years. Coal output is seasonally above October levels; electric power production is now more than 8% above a year ago, comparing favorably with 1929. Check payments have widened the spread over the past 2 years. Commodity prices have turned upward again. Even the stock market reached the highest levels, both of prices and volume, since July. (Employment in brokerage houses was 28% lower than a year ago October, the worst showing of any of the 108 industries reporting to the federal government.)

\$3.5 Billions in Dividends

Dividends declared in November reached the greatest volume in 32 months, with special and extra divi-

dends sprinkled generously through the list. *Business Week* estimates that the year 1934 brought forth dividends of over \$3.5 billions, 12% above 1933. And to judge by the record attendance at the season's games, theaters, and night clubs, one would almost forget that there was a depression. Florida is expecting to repeat last year's successful season of winter vacationists. Luxury goods are getting a larger share of Christmas advertising. Greeting card sellers are revising sales volumes up to 20% above last year, dollar values 30% higher.

Now, by Contrast—

Lest we be accused of puffing all the better aspects of trade for which due thanks should have been given in recent holidays, we might add the customary bad spots upon which the pessimistic prefer to dwell. It should heighten the contrast, give everyone news to his own taste. There is the impending session of Congress. The possibility of tax increase is present, particularly if a veterans' bonus bill gets through. No President has ever been able to outweigh the veterans' powerful lobby. Then there is the relief bogey, the much strained budget, the prospect of NRA revision, social insurance legislation, labor legislation.

Detroit Still Waits

And in the economic field, one could point out that for all the gains in steel activity, the industry is still operating at less than a third of its capacity, which is hardly profitable. The motor industry is exasperatingly slow in getting started on new models. Only a price announcement by Mr. Ford seems strong enough to break the industry's delay, to start Detroit humming. But that ought to be soon. Each day's procrastination brings Feb. 1 nearer—the day when the motor code expires again and the height of the production season.

Rail Record Poor

Railroad traffic is doing its annual toboggan slide destined not to stop until January. While October netted the roads something above fixed charges, the first 10 months took the

railroads into the red by about \$30 millions compared with \$25.7 millions in the same period of 1933. Chief booster of rail bonds of late has been the assurance that the RFC will take care of maturities until other remedies can be devised. Still a number of roads have the courage to plan air-conditioning for next year, making a determined effort to revive passenger traffic. The Santa Fe has allocated \$2½ millions for the job.

No Oil Peace

The oil industry has yet to work out a plan for its salvation. Governors of oil states found themselves in such disagreement that adjournment ended discussions. Gasoline price wars continue in various areas, though with some upward adjustments.

Another Code Row

Cotton garment manufacturers are in a turmoil over the 36 hours a week edict that went into effect Dec. 1. Some have procured a stay of a few days, others are closing down their shops. Strike of 25,000 silk dyers was finally settled, with concessions to labor.

Farm Income Up

Farm income in October reached the highest point since October, 1930, totaling \$736 millions compared with \$659 millions in September and \$620 millions a year ago. Ten months' income is already nearly \$1 billion above last year, the bulk of the income coming from marketings rather than benefit payments. The October gain was less than the usual autumnal increase, reflecting the curtailment of crops for the first time. November and December will find farm income shrinking, since the marketing season will have reached its peak.

More Power Customers

Probably few people realize that the electric power industry now has the largest number of customers in its history. September, 1934, ranked more than 4% above the 1929 average. Domestic customers exceed all past records, while commercial customers are not far from former peaks. Domestic consumption of power in the first 9 months of 1934 was 35% greater than in 1929; large commercial consumption, 16% less than 1929; electrified steam railroad consumption, 18% above the 9 months of 1929.

Repeal Anniversary

Prohibition repeal now celebrates its first anniversary. Estimates of consumer spending for legalized liquor top \$1.5 billions, with an equal amount for illegal liquor.

\$11,000 SAVING THE *first year*

1934



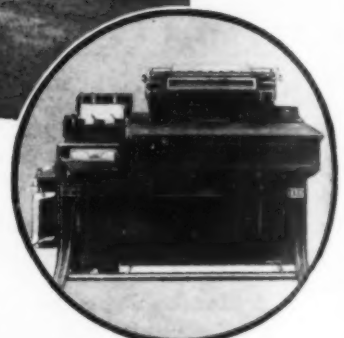
Partial View I. B. M. Lyon Equipped Stockroom, Endicott, N. Y.

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I. B. M. executives, co-operating with Lyon representatives, planned the above Lyon Steel Shelving Equipped stockroom installation at Endicott, New York, which resulted in the definite savings of \$11,000.00 for the first year.

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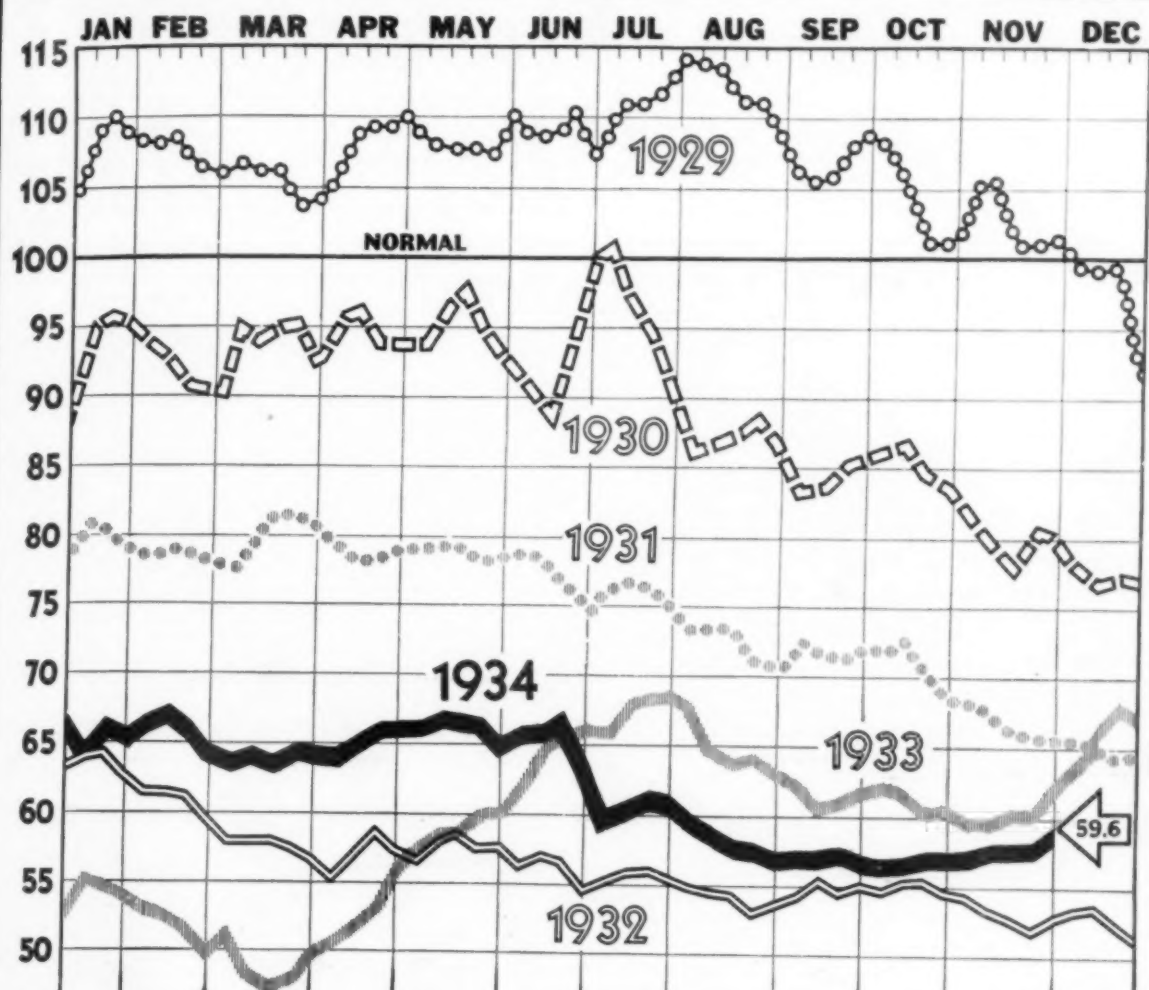
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BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

Latest Week	Preceding Week	Year Ago	Average 1929-33
*59.6	58.3	62.6	72.9

PRODUCTION

* Steel Ingot Operation (% of capacity)	28.8	28.1	28.3	34
* Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$4,679	\$4,863	\$5,763	\$8,723
* Bituminous Coal (daily average, 1,000 tons)	*1,204	1,275	1,220	1,413
* Electric Power (millions K.W.H.)	1,684	1,705	1,554	1,611

TRADE

Total Carloadings (daily average, 1,000 cars)	94	97	98	118
* Miscellaneous & L.C.L. Carloadings (daily average, 1,000 cars)	61	63	62	77
* Check Payments (outside N. Y. City, millions)	\$3,261	\$3,501	\$2,748	\$3,790
* Money in Circulation (daily average, millions)	\$5,511	\$5,474	\$5,444	\$5,265

PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.03	\$1.03	\$.80	\$.73
Cotton (middling, New York, lb.)	\$.127	\$.127	\$.102	\$.100
Iron and Steel (STEEL, composite, ton)	\$32.22	\$32.18	\$30.92	\$31.32
Copper (electrolytic, f.o.b. refinery, lb.)	\$.088	\$.088	\$.078	\$.095
All Commodities (Fisher's Index, 1926 = 100)	79.0	78.9	71.4	74.4

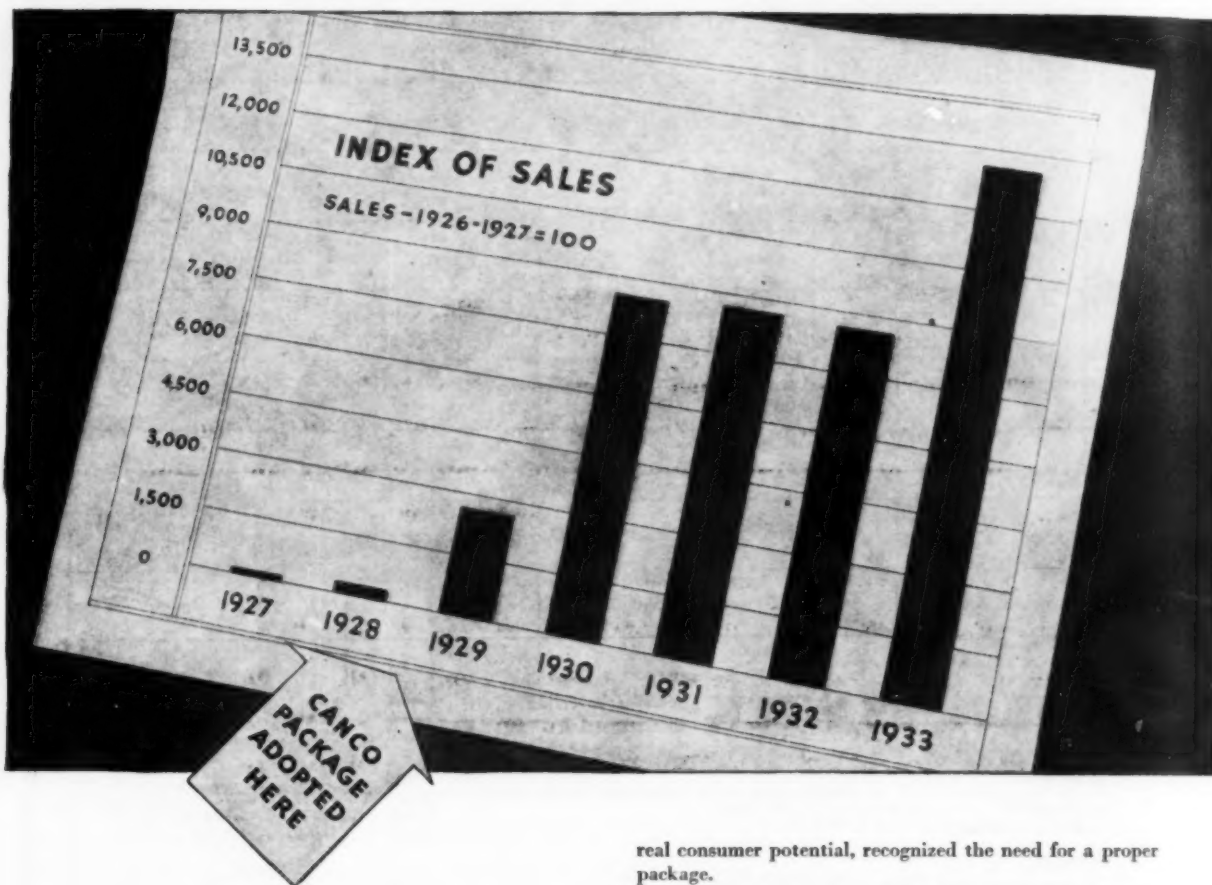
FINANCE

Federal Reserve Credit Outstanding (daily average, millions)	\$2,460	\$2,460	\$2,591	\$1,871
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$17,764	\$17,688	\$16,672	
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,688	\$4,693	\$4,999	
Security Loans, Federal Reserve reporting member banks (millions)	\$3,017	\$2,998	\$3,569	
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$815	\$805	\$791	
Stock Prices (average 100 stocks, Herald Tribune)	\$98.87	\$98.42	\$98.09	\$117.96
Bond Prices (Dow, Jones, average 40 bonds)	\$94.61	\$94.18	\$81.14	\$85.86
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	2.2%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1-1%	1-1%	1-1%	3.0%
Business Failures (Dun and Bradstreet, number)	201	229	303	499

* Preliminary † Revised ★ Factor in Business Week Index † New series

Can a package help sales?

TAKE A LOOK AT THIS CHART...



"We do not believe it would have been possible without the new package," writes this manufacturer's advertising agency

Here's the case history:

For 25 years this product was sold in barrels and drums. In 1927 the company began to meet isolated cases of consumer demand by putting up product in one-pound paper bags, 100 to the barrel. Slowly, consumer sales increased. In 1929 the company and its advertising agency sensed a

real consumer potential, recognized the need for a proper package.

That year, the American Can Company provided a well thought out consumer package. Sales began to soar.

Was the package alone responsible for this product's phenomenal consumer growth? Obviously not. But it did open the door to consumer merchandising, wider distribution. The plan was sound, the product and package were right. Together they did a job.

In the bulk product you're interested in may be tremendous package possibilities. Or in your packaged product may be the bigger volume that a better package can provide. Canco has built enough successful packages to know how to make a package successful. This knowledge and ability are for you—the moment you give the word.

AMERICAN CAN COMPANY



San Francisco
111 Sutter Street

New York
New York Central Building

Chicago
104 So. Michigan Avenue

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—The New Deal's ideas of what business ought to do, in sharp contrast with what business wants to do, were made clear in Donald Richberg's speech to the National Association of Manufacturers, which had just expressed an Old Deal business philosophy in a 15-point program.

Richberg's comparison of the timidity of present-day business, waiting to be reassured, with the old-time pioneers and merchant traders, makes the picture very clear.

But, comments business privately, the comparison is unfair. Because in the old days the chaps who took real chances were gambling for big profits, not New Deal profits. They either lost all or got rich. Under the New Deal, you still risk everything, but the most you can win is 5% a year.

New Taxes Forecast

New taxes seem imminent, despite all the conversation to the contrary. Not to balance the budget. Roosevelt will be pretty well satisfied with the shaving he will force on "ordinary" expenditures. And he has no thought of balancing the emergency budget—relief, housing, and recovery. But the taxes expiring next year must be replaced, and the need for additional money is great.

Old Tax Prejudices

Many new tax plans are being offered. It seems a safe bet that old prejudices will prevent adoption of the National Association of Manufacturers' plan for a manufacturers' sales tax, to be levied by the federal government and divided equitably with the states. Each state which adopts a sales tax adds to the opposition to the federal government's encroaching at all on this field. Ohio followed New York City into the sales tax column, which easily translates into the anti-federal sales tax column.

Utilities Still Unhappy

Utilities continue to foresee rough going, and with considerable justification. The Federal Trade Commission shows no relenting, and as a result of its latest report, drastic federal action against holding companies seems definitely on the program, also a general inquiry into natural gas distribution. Roosevelt could stop this, but he has little cause to love the utilities. Not only did they oppose his nomination, but

they are now sniping at his two pet projects—Tennessee Valley and St. Lawrence Seaway.

Flour From Poland

A big shipment of flour from Poland, ground from grain on which the Polish government had paid about 50¢ a bushel bounty, so galvanized the milling interests into protests that within a few days an order will be handed down to apply an almost forgotten provision of the Revenue Act. This is Section 303, which provides that whenever a foreign government pays a bounty on the production of grain, that precise amount must be added to the tariff collected at American ports. Considerable wheat and rye has been coming in from Poland, Czechoslovakia, and even France. Leaking of news of the impending decision caused a sharp rise in wheat and rye.

Food, Drug Bill

A food and drug bill seems assured of enactment, despite the pigeonholing of the Tugwell measure last time. The mere absence of the much-hated Tugwell measure helps. Still smarting from Roosevelt's pre-election snub, Senator Cope-land, official executioner last session, will not permit the Department of Agriculture to do much dictating as to terms.

Oil Is Confusion

By riding one horse and then another, the oil industry is running away from Ickes' attempt to catch it with a federal law, while the conflict of ideas among Governors-elect Allred of Texas, Marland of Oklahoma,

and Governor Landon of Kansas, reveals that an interstate compact would be as futile as it was known to be when the industry pulled this joker out of the closet and dusted it off.

Because Amos L. Beaty thinks more of his job at 80 Broadway, he is quitting the chairmanship of the planning and coordination committee.

Moffett's Dreadful Past

Housing Administrator Moffett's job is endangered, not by his tilt with Ickes, but by his Standard Oil past. Moffett's recess appointment is subject to confirmation by the Senate and his capitalistic affiliation not only will turn the Senators from the sorghum states against him but the tax-exempt liberal, Mr. Couzens, as well. Moffett is the innocent inheritor of Andy Mellon's toga.

Industry Loans Easier

Much is hoped from the latest effort of the Administration to aid heavy industries. Direct loans may now be made to industry without so many strings. For example, equipment purchases may be made with a larger proportion of the loan than formerly, leading, it is expected, to much replacement of obsolete equipment. Another liberalization is on the time in which the loan must be repaid. Half instead of all in 5 years is sometimes permitted. Still another encourages the banks by permitting classing of bank loans on all fours with loans by the RFC. This was to meet objection by banks to subordinating their loans, for the excellent reason that bank examiners thereupon marked such loans doubtful.

Legislation to liberalize direct loans to industry still further is being studied by the Senate Finance Committee.

Steel Basing Points

President Roosevelt will try to work out some solution between the two extremes on steel price basing points, the Federal Trade Commission holding one in its mighty tome, and NRA the other in a lengthy volume.

Federal Incorporation

Federal incorporation of interstate business as an expedient means of government regulation apparently is a proposal on which the Administration wants to gauge public sentiment. Both the Federal Trade Commission and the Commerce Department are ventilating the idea. Long used in England as a method of regulating business, the principle was sanctioned by Congress in the China Trade Act of 1922.

THIS WEEK

It still looks like new and more taxes.

Polish flour comes in, and a forgotten law is exhumed.

How loans to industry are being made easier to get.

Important SAVINGS Realized Through Modern Improvements

The United Wire and Supply Corporation produces tubes that are round and uniform to a high degree of accuracy. By the substitution of a G-E 30-hp. gear-motor for the old drive the Corporation reduced rejects and also the power required. This modernization proved profitable, because of reduction both in cost of manufacture and in cost of power.

The Weber Flour Mills Company operated its 1600-barrel mill with one 200-hp. and one 300-hp. induction motor. On the advice of G-E flour-mill engineers, these two motors were replaced by one G-E 450-hp. synchronous motor. The plant power-factor was immediately raised to unity; and this, coupled with the increased efficiency of the new motor, effected an average monthly power saving of \$434.

Avoiding CAPITAL INVESTMENTS by operating obsolete equipment often *wastes* more capital than is needed to purchase modern, improved equipment. Obsolete equipment adds to losses indefinitely. The *right* kind of modernization pays for itself and *then* adds to earnings.

Many other industrial plants have reduced their operating costs through similar changes. They are continuing to search for additional opportunities. General Electric sales engineers will be glad to discuss with you any problems for which an electrical solution may be practical. General Electric, Schenectady, New York.

011-40

GENERAL ELECTRIC



BUSINESS WEEK

DECEMBER 8, 1934

Relief Compromise

Jobs preferred to outright relief, but not jobs that will draw men from industry or destroy private investment.

PRESIDENT ROOSEVELT is working out a general plan for federal relief and housing which will be a compromise among the various extreme views held by his counsellors—particularly Housing Director Moffett, Public Works Administrator Ickes, and Relief Director Hopkins.

The President's wishes are known, but he cannot have things just the way he wants—believe it or not. So he must compromise.

The President would like business to revive sufficiently to provide jobs for all the unemployed who are willing to work. He would like to throw all the chronic relief cases, the physical or mental cripples or the downright lazy, back on local governments and agencies—off the federal budget. He would even like to shave the public works program down to projects which for one reason or another he would favor even if there were no unemployment problem.

But for this winter and probably for the next year, this is impossible. He has no real hope that private business could absorb within a year the millions now on the rolls. He knows perfectly well that he will not be able to force all the chronic cases back on local charity, partly because of political pressure and partly because so many local communities could not stand the load.

Public Works Not Enough

Public Works will not be given the carte blanche Ickes wants. Roosevelt realizes that, desirable and helpful as they are in many respects, public works do not fill enough canvas in the unemployment picture. Although nearly \$2 billions have been spent of the \$3.7 billions appropriated, the direct employment roll resulting is now only 600,000 persons. It was higher during the peak, but it never made a big dent in the millions of unemployed. Whereas \$1 billion spent by CWA, of which PWA contributed \$400 millions, kept 4 million men at work for 4 months last winter.

The problem is mathematical. With the President desirous of holding down federal expenditures, and at the same time stimulating business recovery, where shall the boundaries of public works, subsistence work, and direct re-

lief be drawn? And shall direct relief be regimentation of food and shelter, or distribution of relief funds?

Obviously the cheapest method of taking care of the cold and hungry would be for the government to provide the food and shelter, instead of handing out dollars. But the strong objection to this in the mind of the President is that it would not aid one particle in the recovery of business. It would rather be a hindrance as well as a tax burden. It would lead nowhere. Hence it will be resorted to only if necessity impels.

Primarily there are two methods of relief—public works and what can be summarized under "Federal Emergency Relief Administration."

Public works includes, besides obvious federal projects, low cost housing, subsistence homesteads, grade crossings, rural electrification, etc. All these are expensive relief. They provide a smaller number of persons with protection

against cold and hunger than if the money had been handed out for no work. But PWA projects have 3 other and highly important virtues. They generate private business; they create something that is desirable after the government's hand is removed; they preserve morale.

Enters here one of the stiffest problems—that which caused the much publicized row between Ickes and Moffett. In constructing new houses wealth is created, but if they are constructed too cheaply, because of low cost government money, and in too great volume at strategic points, they impair the value of existing real estate, jeopardize mortgages on existing values held by insurance companies and banks, and disturb business all out of proportion to the benefit conferred.

Moffett Has Friend at Court

So that the President, being at heart eager to preserve the capitalistic system (under his own ideas as to the rules for the game) is in this battle actually on the side of the former Standard Oil official, Mr. Moffett, and against his more radical advisers, Ickes and Hopkins.

The compromise which the President will submit to Congress next month will



FEDERAL HOUSING—An unimposing ceremony starts the Federal Emergency Housing Corporation's \$3.6-million Cleveland slum clearance project. The new government-owned and operated houses will be 3-story walkups, occupied by Negroes, rent for about \$6.50 a room. Federal financing activities will not be permitted to expand from this type of housing into the Federal Housing Administration's sphere of private initiative.

International News

contain a liberal portion of Hopkins' plan for an \$8- to \$10-billion public works corporation. But when it emerges it will be more like a glorification and improvement on last year's CWA.

On one improvement all are in agreement. All hope there will be a better selection of projects. On another the President's innate conservatism will figure. For the plan will not provide for payment of PWA wage scales. It is not desired to make work on these projects more attractive than private employment.

The difference between Moffett and Ickes on housing is fundamental. Ickes would provide cheap government funds in any desired quantity for the construction of houses. He regards this as just another means of providing jobs. He has no concern about the possible effect on existing values. His desire to drive the cost of housing down is not tainted by any fear of what would happen to "capitalists" who have investments in existing structures.

Checking Mr. Ickes

Actually there is less chance of real friction between the plans of Moffett and Ickes on housing than would appear from a bare statement of their views. Partly because the money Ickes will be allowed will be far less than he desires. That will limit the areas of competition and the general effect.

Moffett is busy trying to get private capital put into construction of new homes, with the government insuring the mortgages. Incidentally, this is ideal from the Roosevelt standpoint. It provides jobs. It does not boost the federal budget—not even the "emergency" budget. It encourages private initiative. It raises the tax base of local communities, might even provide profits which would pay their bit of taxes to the federal treasury.

But Ickes toys with the idea of groups of low cost houses, built by the government under contract—in effect, new, low-grade real estate developments. Obviously the two could not flourish side by side. Example—cheap walkup apartment structures, in which both Moffett and Ickes are interested.

But the probability is that Ickes' funds will be so limited that not enough such projects will get under way to threaten seriously any privately financed enterprises Moffett develops.

Spending

New financing and estimated tax receipts give clue to federal spending for next 3 months.

MANY times \$900 millions of new money was offered the government this week when it sought to borrow that amount to make up the deficit antici-



PRIVATE HOUSING—Federal Housing Administrator Moffett looks over an outmoded kitchen in the Washington exposition of Better Homes in America, which is cooperating with him in his program of privately financed home modernization. The President assures business (and Mr. Ickes) that the FHIA will continue to get hearty backing from the federal government.

pated for the next 3 months. With \$700 millions cash on hand, and another \$150 millions to come from new Treasury bills, the free bank balance is rebuilt to \$1.7 billion, approximately its total of last June.

Another \$870 millions that should come in from tax collections before Mar. 15 would give the Treasury a total of \$2.6 billions to spend between now and then. Routine business would not take more than \$820 millions, leaving a maximum of \$1.8 billion for relief expenditures, if that much is needed. Since such expenditures during the first 5 months of the current fiscal year averaged \$300 millions monthly, this means that the Treasury has enough funds on hand to double relief outlays in the next 3 months.

However, a Secretary of the Treasury with a penchant for comfortable cash reserves can be depended upon to have provided a cushion beyond immediate needs, so the \$1.8 billion should probably be pared to around \$1 billion on the grounds that \$800 millions has been earmarked for a carryover after Mar. 15. On this basis, it would appear that Washington does not anticipate much increase in emergency expenditures over the winter months.

Should the deficit occasioned by the relief projects amount to \$1 billion for the next quarter, it would compare with a deficit of \$1.4 billion for the five months to Dec. 1. During this period the government spent \$2.9 billions of which \$1.5 billion was in the emergency budget and \$1.4 billion was regu-

lar operating expenses. Revenues amounted to \$1.5 billion leaving a deficit of \$1.4 billion.

5 Bids Identical

Contract for Grand Coulee steel awarded by lottery when nobody cuts 15%.

ATTEMPTS by the Administration to break up identical bidding on government contracts are getting nowhere. Contract for 21,000 tons of sheet steel piling for use on the coffer dam at Grand Coulee, on the Columbia River, Washington, was awarded by lottery to the Inland Steel Co. after 5 identical bids of \$1,180,401.40 had been opened.

Inland, Illinois, Jones & Laughlin, Bethlehem, and Carnegie bid. All ignored the Administrative order of last June authorizing bidders on government contracts to cut as much as 15% from filed prices.

Secretary Ickes has been trying to engender competition by parceling out the business when identical bids were received. That didn't work. The basing-point plan in the steel industry kills also any idea of saving money by giving the business to the plant which is situated nearest point of delivery. On the consignment of piling from Chicago, the government will pay freight from Buffalo. Comptroller McCarl did not help the Secretary a bit when he ruled that the law did not contemplate splitting the business.

New Models

Motor companies maneuver for advantage in what looks like a good year for those that get the advantage.

AUTOMOBILE makers, preparing new models for introduction this month and next, are again putting Detroit on the front page as they add to their payrolls, get newly-tooled production lines operating smoothly, and complete plans to supply an expanding market in 1935.

Paradoxically, they view the coming year with confidence and trepidation. They are confident that car sales will continue the upward trend of the last 2 years, are jittery about individual shares of the market. They note that over 95% of the passenger cars sold in the first 9 months of this year were priced under \$1,000, that over \$703 millions out of a total of more than \$1 billion were spent for Fords, Chevrolets and Plymouths. Cars priced at \$751-\$1,000 doubled their share of the total, probably because companies formerly exclusively in the \$1,000-\$1,500 market invaded this field.

New Prospect List

Automobile executives believe many sales early this year were made to people who came down to low-price cars for the first time. There was evidence for this in the way they passed by the standard lines to give preference to deluxe models costing \$50-\$100 more. As the year wore on, the farm market perked up and sales were brisk in the Mississippi Valley and the South. Industrial workers began to replace autos of 1927 vintage with good 1932 and 1933 models.

Farmers and factory workers must buy cars in large volume if the automobile industry is to prosper. Both (especially the farmers) have more money than a year ago, are likely to spend it for new cars which can give them economical, comfortable transportation. Hence the industry's opin-

ion that prices must be kept down next year. Companies with low-price cars are willing to let Mr. Ford give them their price cue when he announces his new V-8 later this month. If prices trend lower, they will push standard models; if prices remain at today's level, they will continue to concentrate on the de luxe lines.

Whatever prices may be, car manufacturers are facing a tough situation. Thanks to NRA, costs are up, productivity per worker down, profits per car less. The only "out" appears to be increased volume. To get this desired volume, companies are strengthening their sales staffs, augmenting plant capacities, planning greater expenditures for advertising and sales promotion.

Buick and Pontiac, allied during the worst of the depression, have set up separate field sales organizations. Chrysler Corp. has realigned its field promotional forces to strengthen Plymouth's position in the smaller population centers where Chevrolet and Ford are strong. Ford has reopened assembly plants at St. Louis and Long Beach, is spending millions to increase productive capacity at Dearborn. Chevrolet is completing a new assembly plant at Baltimore. Oldsmobile is increasing its capacity to 1,000 cars a day.

Although not radical, new models go a step nearer full streamlining. Radiators are high and narrow, giving a greyhoundish effect. Longitudinal louvers tend to emphasize the length of the body. Sweeping curves give a pleasing appearance at the rear. Some body designers, by dividing the rear window, bring the rear panel back in a continuous sweep from the roof line to the extreme rear tip of the body.

Front and rear seats are wider. Hud-

son is adding 3 inches to the front seat width and giving more leg room by clearing the front compartment of the gear shift lever and emergency brake lever. Built-in trunks blend into the form of the body, providing larger baggage capacity and space for a hidden spare tire. Overall height is reduced 1 to 2 inches without sacrifice of road clearance or headroom. Engines in some cars are moved forward and rear seat brought ahead of the rear axle to give easier riding (a design first introduced in the Chrysler and De Soto Airflows). All-steel roofs (dubbed "turret tops") will be standard equipment on Chevrolet, Pontiac, Oldsmobile, Hudson, Terraplane, will be sold to the public as an added safety factor.

Mechanical Changes

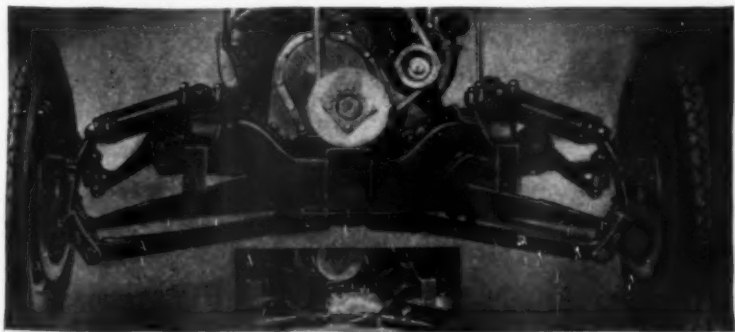
The few mechanical changes contribute to a smoother, speedier, safer ride. Horsepower is being increased slightly, better and easier braking developed. Engine refinements are designed to result in new fuel economies, longer driving without cleaning out carbon and grinding valves, easier starting in cold weather. The Studebaker President series and possibly one other car is adopting the overdrive transmission unit (in effect a fourth forward, high speed) pioneered the past year by Chrysler and De Soto.

General Motors divisions (excluding Chevrolet's Standard line) stand committed to knee action for 1935, claim it gives the same riding quality as longer wheelbase and more weight. Dodge and Plymouth will have molybdenum steel leaf springs and tubular front axle. Studebaker is introducing a transverse leaf spring knee action of its own design, utilizing a single spring, flexible through its entire span, which provides individual suspension for each front wheel. Upper supporting arms take brake torque and other reactions. Hydraulic shock absorbers help to smooth the bumps.

Studebaker, on Dec. 4, began the parade of announcements which will continue until the New York show opens Jan. 5. Dictator started off with the base price on the 2-door coupé unchanged from last year; Commander and President in the same models were up \$30 and \$75 respectively.

Plymouth Unveiled

Mr. Chrysler followed with unveilings of the new Plymouth at dealer meetings. Such attendant reporters as were already familiar with its mechanical details—and with the conventions of pre-season strategy—deferred to the fiction that what they knew was still a deep secret to Chrysler competitors. Dealers, gathering that the Detroit factory was maneuvering to get them off to a quick start on deliveries at zero hour, wondered if the formal introduction and price announcement set for Jan.



INDIVIDUAL SUSPENSION—Studebaker's new version of "knee action" uses a single spring, flexible through its entire span, which provides individual suspension for each wheel. Brake torque is absorbed by the upper supporting arms, hydraulic shock absorbers help take care of the bumps.

5 would be moved up when Mr. Ford broke loose. Large audiences of them saw that the new models would have snappier lines, some borrowed from Airflow, more room, a motor pushed further forward over the front axle and the rear seat moved up to insure easier riding. Sales talks featured increased power, safety, economy.

Competition for a bigger "cut" of the market will wax furious. One General Motors unit will add a 6 to its line of 8's. Graham will introduce a low-price 6. Hupmobile has a 4-door sedan at \$695, lowest price in its history. The battle won't be confined to the less-than-\$1,000 field. Packard is mobilizing its resources to make a car at a price much lower than its present regular series. Lincoln is reported to be working toward the same objective. With all companies, no matter in what price class, the aim is to get increased volume, which is the only door open at present to better earnings.

The most startling car the coming year will be one designed by William B. Stout, airplane and streamline train designer. It will have the engine in the rear, a new principle of spring suspension, will be made of light alloy metals, will be no longer than a Ford or Chevrolet. The interior of the car is arranged so that occupants can move their seats around, play bridge.

The A-B-C of A. & P.

To other food purveyors, that governmental release on the big food chain's vote for one kind of grade labeling looks like an attempt to put something over.

It's news when the world's largest grocery chain adopts grade labeling. Important factors in the food industry agree to that. But they insist that it's just next door to scandal when an important department of the government announces those new labels in an official release, and invites every newspaper—by implication at least—to propagandize one particular grade labeling experiment that can profit only one large corporate chain.

Sponsors of the event are in undisputed possession of the food industry's spotlight, but important interests that have been trying to project different plans for standards and labeling have already begun to shoot at them. There will be more shooting when the rest of the industry finds out just what happened.

It all started with an official release by the Bureau of Home Economics of the U. S. Department of Agriculture. Dated Nov. 28, and entitled "The Market Basket," this announced that "from now

on" stores of a "large grocery chain" would carry canned foods "labeled to show the quality of the goods you get for the price you pay." The balance of about 1,000 words sounded like a good selling talk for the Grade A-B-C plan which, according to the Department of Agriculture, was accepted by the Great Atlantic & Pacific Tea Co. (BW—Oct 6 '34) but which found few takers elsewhere.

Protest—Correction

Highly interested readers in the food industry promptly protested somewhere higher up, and shortly thereafter a "correction" release was issued carrying a request that it be substituted for the original.

Then, from somewhere lower down came "inside" information that the first release had been sent out without official knowledge or authority. The corrected edition does not promise grade labeling, "from now on," but "in the near future," is mellowed elsewhere but still qualifies as a good piece of propaganda.

According to the "insiders," the facts upon which the broadside was issued are that A.&P. is planning to advertise and sell experimentally, for 30 days or so, canned goods with labels bearing quality designations, Grade A, B, or C, presumably corresponding to fancy, choice, and standard grades as recognized by the trade. Only a 30-day supply of labels has been printed. Only canned tomatoes, corn, beans, and peas have been included. No one is willing to predict whether the experiment will prove anything or foreshadow voluntary adoption of the grade labeling plan by the A.&P.

Not Official

Incidentally, the A-B-C plan is not officially proposed by the Department of Agriculture; it represents only the preference of one faction within the department. Competitors are saying that A.&P. seemed in a great hurry to get under this particular umbrella.

Meanwhile A.&P.'s position on the labeling question has become more isolated since the special committee appointed at the request of Armin W. Riley, Divisional Administrator of the NRA, by the Food-Grocery Chain Stores of America, Inc., issued a report which does not endorse the "A-B-C" grade idea. Instead it proposes 4 definite grades, "Fancy," "Choice," "Standard," and "Sub-Standard," for label designations, and suggests that every label



LABEL TRYOUT—A.&P.'s prospective experiment with graded labels, which has disturbed competitors, will feel out public reaction. Much superior in appearance to the old label (one of which appears at right), the new one on the left, in addition to showing the grade, prominently pictures the vegetable in natural colors, carries on one side recipes for using the contents of the can.

Break 'em in in Winter . . . they'll wear 30% longer!

Tests conducted by tire engineers have established the fact that tires broken in in cold weather last 30 per cent longer than tires broken in in the hot summer . . . give their users 30 per cent greater mileage.



. . . and for traction in any weather . . . **Goodyear All-Weather, of course**

When you add 30 per cent to the mileage of a Goodyear Truck Tire that becomes important addition. . . For high mileage is one of the basic reasons why—

More tons are hauled on Goodyear Truck Tires than on any other kind.

In truck tires, only Goodyear gives you: Patented pre-shrunk Supertwist cord con-

struction . . . body rubber chemically toughened . . . new, flat, high-shoulder tread shape . . . new improved bead construction . . . world-famous All-Weather tread . . . Pima cotton, longest fiber grown.

For sure winter traction—for actual money saving—put your trucks on Goodyears now. . . They cost no more than ordinary tires.

GOOD YEAR
TRUCK TIRES — *Money savers*



should carry a properly displayed description of what all 4 grading terms mean. It contends that these terms were officially promulgated by the U. S. Department of Agriculture for the 5 vegetables that account for approximately one-half of all the vegetable canning, and proposes that the President should appoint a permanent committee "to continuously consider the whole problem of standards and labels."

The National-American Wholesale Grocers' Association has addressed a letter to the President, not only specifically protesting against the pro-A.&P. release, but against the A-B-C grade plan as impractical and unenforceable. It points out that the McNary-Mapes Amendment of the Federal Food &

Drugs Act, which provides for standardization, not grading, has "proved unenforceable," although in effect for over 4 years, has resulted in great confusion and built up a new and unfair type of competition. It reminds the President that it proposed a descriptive labeling plan about which it is still negotiating with Division IV of NRA.

The canners hope that their committee's recommendation for descriptive labeling (*BW*—Oct 6 '34) will get favorable consideration. The Consumers' Advisory Board proposes the establishment of a uniform terminology for designating qualities or grades of goods, urges canners to adopt quality grading immediately "instead of experimenting with the half-way measure."

Food Sale Shift

Hard times have benefited big combination market and small specialty shop, squeezed out old-fashioned grocer.

BROAD changes in the food buying habits of the American public during the depression years are disclosed by an analysis of the final figures of the 1933 retail census, just announced by the U. S. Department of Commerce.

Food sales in 1933 totaled \$6,793 millions. This was 37% less in dollars than in 1929. However, it apparently represented about the same tonnage, as the food price index of the U. S. Bureau of Labor statistics shows a decline of 36.4% for the period. As might be expected, food took a much bigger slice of the tightly-clutched consumer dollar in 1933—27.13%, compared with 22.07% in 1929.

Analysis of the changes in number and sales volume of the various types of food stores indicates not only that Mrs. Consumer is using greater prudence in replenishing the family larder by buying in larger and more up-to-date stores, but also that she likes some kinds of specialization.

Old-Time Grocer Hit

Old-fashioned grocery stores handling no meats or vegetables decreased substantially in number and in 38 states their losses in total sales volume were drastically greater than the national average, ranging from 38% to 67%. Evidently, combination stores handling meats and groceries picked up much of this loss. Their dollar volume decline was substantially smaller, and in 40 states their number increased.

Boosters for large modern food markets accept these figures as evidence that the successful food store of the future will offer a complete line of groceries and meats. They are less certain about including fruits and vegetables, bakery and dairy products,

because the census shows remarkable increases in the number of stores bidding for trade in a specialized field, the largest gains occurring in the more densely populated territories.

While practically all states showed sharp declines in sales volume of fruit and vegetable stores, 34 report substantial increases in the number of these stores. Retail bakeries and dairy stores gained sales in 14 states, while the number of bakeries increased in 40 states and the dairy store total went up in 41 states. Restaurants lost sales volume in all but 2 states, but their number increased practically everywhere. In Maryland, Minnesota, and California, they more than doubled.

Specializers Gain

Supporting the theory that there is a shift of buying toward the specialized food stores is a study of food business in so-called "general" department and other non-exclusive food stores, based on estimates by *The Progressive Grocer*. The figures show that country general stores kept their loss of volume below the 37% national average drop only in the 6 New England states, Virginia, Nevada, and Idaho, let it reach above 50% in 9 states. Their number declined in all states excepting Connecticut, Massachusetts, and Idaho, and went down more than 20% in 13 states.

Other-than-food stores handling food products managed to increase sales in 12 Southern and Mid-Western states, while their number decreased in 19 states.

Those familiar with food distribution point out that the trend toward larger combination food markets was clearly under way in 1929, but obviously gained momentum as the public demand for lower prices forced the kind of operat-

ing economies that combination food stores, chain stores, and super-markets make possible. The rise in the number of specializing food shops is held to be a depression phenomenon that may well become a permanent part of the food retailing system as improved conditions make such ventures profitable, prevent those who undertook them as a depression shift from going back into their former lines of work.

Store Unions

Milwaukee department store strike tests labor strength in retailing.

WITH a strike and active picketing in progress at the Boston Store, Milwaukee's largest store, organized labor, attacking through Local No. 1284 of the International Retail Clerks' Protective Association, is making a bold start on the forcible unionization of department store clerks.

The union first invaded the Boston Store Nov. 5, the day that the Great Atlantic & Pacific Tea Co. made an agreement with labor that reopened the 293 stores it had closed in Cleveland (*BW*—Nov 3, Nov 10 '34). The union committee filed 19 specific demands, including the checkoff, wage boosts, shorter hours, a closed shop, and claimed to represent a majority of the store's workers.

Investigation revealed no such majority and a vote of the employees was proposed in which the union was asked to cooperate. The management claims that the only answer was the union's announcement of a strike for Nov. 30.

In its first week, with less than 500 out of 1,200 workers affected, the strike has shown no marked effects on the activities of the store. Advertising has been continued and all departments are operating. But customers have had to run the gauntlet of an army of picketers and the store delivery system has been seriously crippled, as most of the drivers, members of the teamsters' union, have joined the strikers. Customers are being asked to carry small bundles, while more bulky purchases are piling up in the shipping room, and outside agencies are employed to effect emergency deliveries.

Government Steps In

Government officials acted promptly. With Dr. Stewart Scrimshaw, professor of economics at Marquette University (Milwaukee), and assistant directors of the Labor Relations Board for the 10th District already on the ground, Harry W. Scheck, conciliator for the U. S. Department of Labor, went to Milwaukee to attempt a settlement.

Union heads are confident of success. They claim that department stores have been notorious for underpaying their

*Splendid
Dignity*


THAT
WILL NOT AGE

● These new escalators in the Marshall Field Store, Chicago, are cogent reason for using Alcoa Aluminum in air conditioning equipment, for instance.

If that seems far-fetched, consider corrosion. Because these escalator facings are Alcoa Aluminum they cannot rust. Treated by the famous Alumilite process they will not smudge, stain, or tarnish.

Food-processor, meat-packer, milk-producer, and brewer, are using more and more Alcoa Aluminum because it is not attacked by their products or processes, and because it does not affect purity, taste, or quality.

Major processes in the chemical industries depend on the unique inertness of Alcoa Aluminum to many chemicals in achieving superior quality, and in getting a long and trouble-free life from their equipment.

Frank curiosity, by men who wanted to make their product or their equipment better, has opened the door to many Alcoa Aluminum achievements. We hope you are inquisitive, too. Perhaps the friendly cooperation of our engineers will be of real help. Address ALUMINUM COMPANY OF AMERICA, 1804 Gulf Building, Pittsburgh, Pa. 



ALCOA · ALUMINUM

lower classes of employees, that unfair and unsatisfactory working conditions have prevailed because employees are not united and protesters are quickly weeded out. They insist that unionization is the only remedy and propose to organize all retail workers throughout the country.

Executives of other department stores, mail order, chain, and men's wear stores, already worried by labor's success in Cleveland, are watching Milwaukee with the hope that an employee election, if ordered, will check unionization or, at least, make it a company union victory.

Coal Mines Go Modern

Makers of machinery for bituminous coal mines are busy with orders, as NRA miraculously changes geology.

THERE is one group in the machinery industry that is not grouching at all—at NRA or anything. This is the makers of coal mining and treating equipment, for whom the bituminous code has been and continues to be a great rock in a thirsty land. Reductions in working hours to 7 a day, guarantees against invasion of territory by lower-cost operators, and provisions which make it impossible for a modernization movement in one mine to be met by its rival with a mere slash in wages—all these have stabilized an ancient industry and put a premium on modernization, which is now going forward at a comfortable rate of acceleration. As one commentator put it, geological conditions laid down aeons ago, and which up to the NRA code era were said to prevent the use of machinery, have been suddenly

changing in hundreds of mines; and new machinery is now being installed in them.

Just how much this is amounting to, is impossible to estimate in full. The figure may be \$25 millions; wise men in the industry are the most cautious about guessing. Six big new mines are opening, with equipment worth slightly over \$3 millions; 12 power plants for coal mines have gone in during the past 2 years, new or remodeled preparation plants, above ground (46 reported, exclusive of the new mines) will account for \$4 millions; several are putting in additional facilities, like the Lehigh Briquetting Co., at Fargo, N. D., which is spending \$300,000 on rebuilding its plant. The biggest new mines opened are the Delta, at Carrier Mills, Ill., a 400-ton-a-day handling

plant, with shovels and other equipment in a big strip mining property, and the Snow Hill mine in Indiana, a shaft mine. The two big power plants are at Omar, W. Va., \$400,000, and the Antioch Power Co. at Linton, Ind., a 6,000-kilowatt plant. The state of Michigan, protected under the code from invasion by cheaper producers, sees 2 of its 3 commercial producers, Consolidated and Robert Gage, opening up a big new mine each.

Eliminating Bottle-Necks

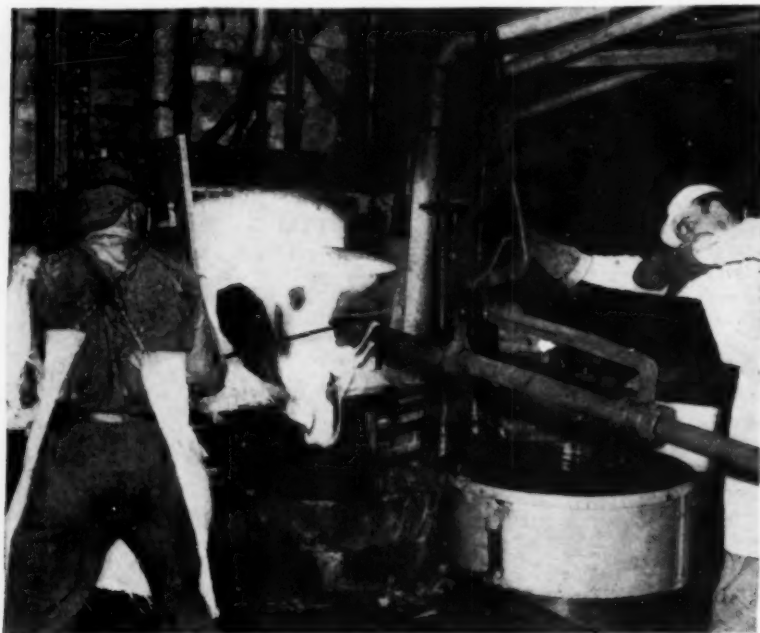
Most of the investment in existing mines may be said to be made for the purpose of eliminating bottle-necks, and has been hurried along by the code provisions for shorter hours and stabilized marketing. The soft coal industry has been using undercutting machinery increasingly for years, and in 1932 was over 78% mechanized in this section of its work. Now the mines are putting in handling machinery and transportation equipment underground, and a few new undercutting machines (\$10,000 each on the average), or, more often, installing the more expensive track-mounted type for the so-called shortwall and longwall machines; the track-mounted cost 3 times as much as the others, work 3 to 4 times as fast. They are putting in mobile mechanical loaders (\$10,000 up), scrapers and their engines and cables, not costly, and conveyors, running around \$1,000 to \$1,500 each.

In transportation in the mines, new cars are being bought—this is the best year in transportation equipment since 1929. The average steel car costs \$200, so a 2,000-car order, such as was given by one company as soon as it smelled the 7-hour day in the distance, is a nice item. Locomotives, too, from \$5,000 for a 6-ton gathering type up to around \$12,000 for the standard 13-ton haulage type.

Cleaners Find a Market

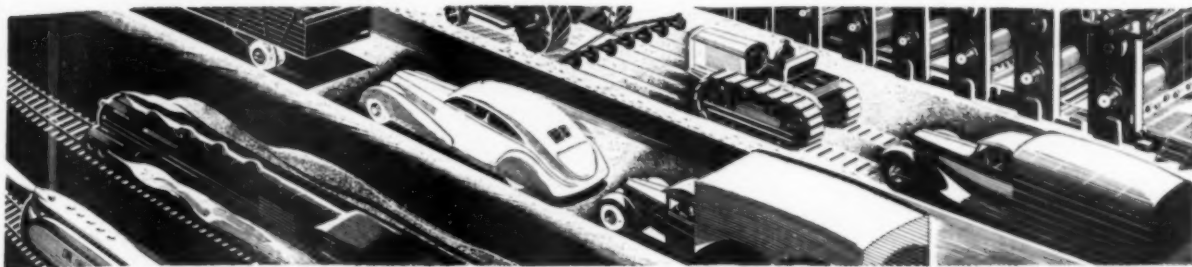
The increased use of mechanical loading has made mechanical cleaning installations more important, and with shortened hours it has been necessary for many companies which have put off buying this equipment to move into the market. Not to mention the argument that has become almost a necessity to the coal salesmen, that his mines use this equipment as a guarantee of clean coal.

How much the investment that has been going on for over a year now and is still in full swing amounts to is thus obviously difficult to estimate, in an industry with close to 6,000 unit mines in 30 states. But the salesmen of machines who used to make their trips South merely for the purpose of seeing their friends are coming back with orders, these days—sign enough of the times, and of that miraculously changing geology mentioned above.



PERFECT JOB—Corning Glass Works engineers this time successfully cast the 200-inch mirror for the world's largest telescope which California Institute of Technology is erecting. Experience gained last spring in pouring the first mirror proved invaluable in the second job (last Saturday), when some 20 tons of molten glass at 2,800° F. were poured in 7 hours. The new "eye" is 200 inches in diameter, will see 900 million light years away, 3 times farther than any other.

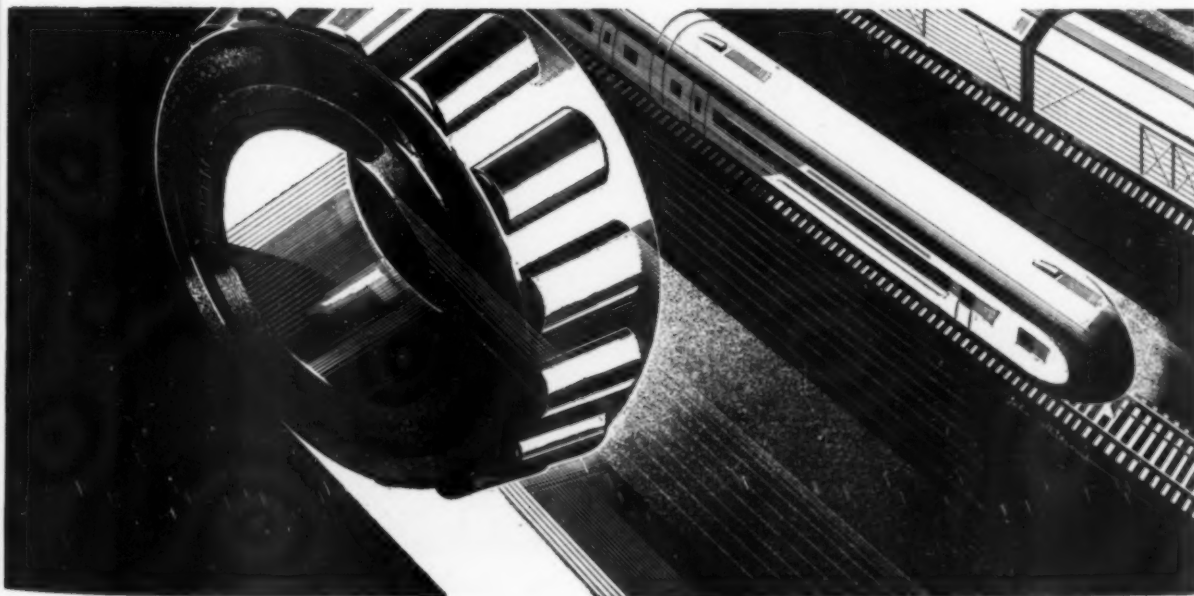
On and on they go



conquerors of friction and loads wherever wheels and shafts turn . . . bettering the operation and lengthening the life of automobiles, tractors, farm implements, railway cars, locomotives and every conceivable kind of industrial machinery. ♦ On and on . . . ever since 1898 . . . always improving machine performance and increasing the buyer's preference for any mechanism in which they are installed. A better product and a better SELLING product..the name Timken stamped on its bearings means just that.



THE TIMKEN ROLLER BEARING COMPANY ♦ CANTON, OHIO



Copyright 1934 by The Timken Roller Bearing Company

Steel—For Man and Beast

Emphasis on better housing stimulates steel's drive for home construction market, with farm buildings included.

THE governmental drive to awaken a national interest in better housing has increased the stir of activity in the steel plants where better housing means steel housing and a new market for tonnage. Steel companies with home construction already on their programs are expanding their plans to capture that market. Others are jumping in.

Important new development along this line is Republic Steel Corporation's venture into all-steel farm buildings. Its "Jamesway" barns and "Kut Krop Keeper" were designed by W. D. James, president of James Manufacturing Co., barn equipment makers, in cooperation with Republic Steel Corp. engineers and laboratory experts. The James Co. contributed its intimate knowledge of farm operating practices, farm requirements, fire and wind hazards on the plains; Republic's experts chose suitable alloys, developed production and erection practices.

Farewell the Hayloft

The result is a striking departure from traditional farm architecture. For instance, the "indispensable" hayloft is dispensed with. The Krop Keeper takes its place. This is designed to store both silage and hay. But instead of storing the hay loose or in bales, the farmer will cut it up and keep it like silage—practically green so as to save the vitamin contents lost when it is dried in the field.

Elimination of the hayloft has made possible a low, wind-resisting type of barn in which the fire hazard is reduced to a minimum and working operations are simplified. Steel for this line of buildings is fabricated at the plant of Berger Manufacturing Co., Republic subsidiary.

That Republic Steel plans broad and

intensive cultivation of future markets in the steel-house and building field was indicated by a recent statement of its chairman, Tom M. Girdler, in which he said:

"From a laboratory point of view the steel house is past the experimental stage. We know that the use of steel in residence construction is practical both from a construction and cost standpoint. A wide variety of materials is possible. A broad range in style and appearance is obtainable. The present problem with respect to the promotion of the steel house is not so much one of construction as it is one of public acceptance."

Armco Experiments

That question of public acceptance has been raised frequently in connection with steel buildings, but Charles R. Hook, president and general manager of the American Rolling Mill Co. and also a booster of steel houses, is confident that prejudices against steel in residences and utility buildings will disappear when the advantages of steel construction are better known. His convictions on this point are responsible for the fact that ARMCO has been experimenting extensively with steel-house construction and has sponsored the erection of several different types of steel buildings (*BW*—Aug 5, Dec 16 '33; Mar 31 '34).

Popular adoption of steel houses and steel buildings is about to receive impressive impetus through the forthcoming tie-up between Sears, Roebuck & Co. and the Steelco Co., by which the mail order company will offer an extensive line of buildings of standardized design, constructed by Steelco Co. of ARMCO-made materials. Designs already adopted after experimental erec-

tion include 3- and 4-room steel cottages, country school houses, warehouses, poultry houses and garages, all embodying the patented Steelco construction, which employs standardized panel, sectional and roofing units, and includes fire, rot and vermin proofing features.

Tips from World's Fair

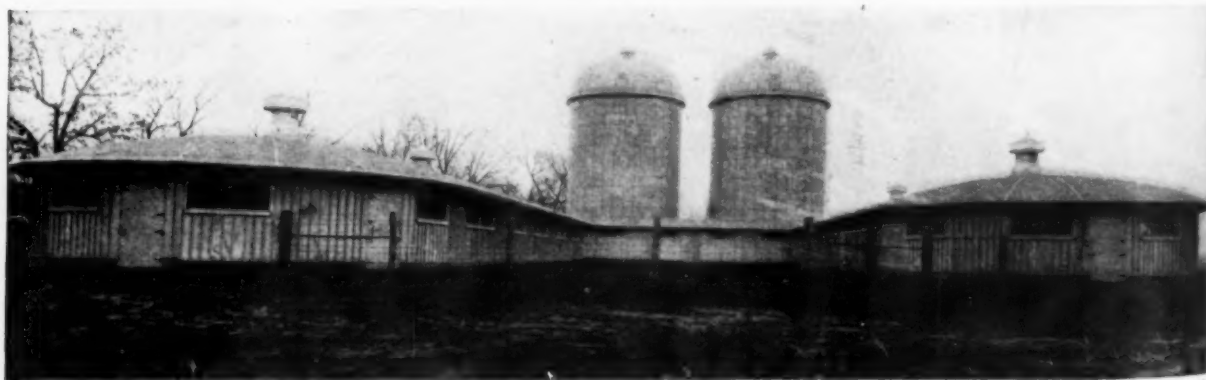
Bethlehem Steel Corp., through its subsidiary, Kalman Steel Corp., is actively experimenting with various types of steel house construction on the basis of sales possibilities revealed at the Century of Progress where it cooperated in an exhibit with General Houses, Inc. Jones & Laughlin Steel Corp. has been working on several all-steel designs as a result of its experience with the J&L "Junior Beam," used for residential and other small buildings. And from Milwaukee come reports that A. O. Smith Corp. is busily revising pre-fabricated steel house plans which it had developed before the depression.

All-Weather Oil

Standard of New Jersey develops Exanol, which betters oil as Ethyl does gasoline.

COMING out of the laboratory as a result of the long search for a commercial lubricating oil that will stay thin in winter and thick in summer, Standard of New Jersey has evolved not an oil but a new chemical product called Exanol. A small proportion of Exanol added to good lubricants does a nice job of holding the viscosity under high temperatures without stiffening the oil too much in cold.

The company produced a commercial product, tested it under practical conditions, and then put it on the market Nov. 1 for a test sale period of 2 weeks. There was no advertising, for quantities were limited, but filling stations were given a list of its practical advantages, and a break in the price. This



STEEL BARN—This new Jamesway barn is Republic Steel's venture into all-steel construction on the farm, reduces fire and wind hazards and costs, facilitates farm operations. Its "Kut Krop Keeper" eliminates necessity for a hayloft, stores both silage and hay.

● ATTRACTION FOR Women

Advertising addressed to women pays out best when placed in the newspaper which has the greatest attraction for women.

As women have expanded the scope of their interests and influence, the Chicago Tribune has kept pace.

Its service to women readers goes beyond news and information in those traditional fields in which feminine interests center. The Tribune is definitely styled, as few newspapers are, to reflect and advance the interests of women.

With the result that more women read the Tribune than read any other Chicago newspaper. Let a Tribune salesman tell you the full story.



ADVERTISERS of women's shoes placed 54% more advertising in the Tribune during the first ten months of this year than in any other Chicago newspaper.



HOME READ. The Chicago Tribune has more home circulation, delivered by official carriers, than all other Chicago newspapers combined.



UPSTAIRS dress departments of Loop department stores placed 153% more advertising in the Tribune than in any other Chicago newspaper during the first ten months of this year.

● CHICAGO TRIBUNE

WORLD'S GREATEST NEWSPAPER



An INTOLERABLE Situation!

● Few executives realize that stub-pencil records are behind many of the facts on which they base important decisions.

We refer specifically, to basic weight-records. These records are the foundation of every cost-control system where the weight of materials influences inventory records, quality-control, manufacturing operations and invoices to customers.

Human errors are a notorious menace to all Accounting Accuracy. They are even more dangerous in the original recording of the **basic facts**, from which accounting figures are derived. That is the Birth-place of Losses!

A Permanent Solution—The Toledo Printweigh forever eliminates errors in weight-recording. It certifies the accuracy of your weight-records by delivering a legible machine-printed record of each load placed on the scale. It prints on tickets, forms, or strip-tapes. It delivers from one to four records at a time, with equal speed and accuracy.

A Practical Suggestion—We urge that you investigate Printweigh's many profit-protecting features. Write for a copy of "Progress in Industrial Weighing"—a condensed fact-summary of printed weight-recording.

Better still, see "On Guard"—a 20-minute Toledovision talking picture, which presents Printweigh quickly, concisely, authoritatively. Simply instruct your telephone operator, "Phone the nearest Toledo Scale Company office to send over On Guard". A Toledovision operator will handle all details. The presentation will be made at your own convenience, in your own office. No obligation, of course.

Eliminate this Birthplace of Losses, forever. Get these new facts on the printed weight-records furnished by the Toledo Printweigh.



TOLEDO SCALE COMPANY
Toledo, Ohio
NO SPRINGS - HONEST WEIGHT

181 Sales & Service Offices Throughout U.S. and Canada

new "Uniflow" promised low consumption, low carbon- and sludge-forming tendencies, safe lubrication under all circumstances, good piston seal, free flow in cold weather. It was sold in 10-quart units for \$2.85, for the company wanted it to be used to fill the crankcase, not just slopped in to pep up the old soup. (It will be 35¢ a quart when it goes on the regular market.) Result, the trial period lasted only 10 days, had to be called off because supplies were exhausted.

Exanol is to lubricants as Ethyl is to gasoline (an analogy which makes chemists wince). It is the direct result of laboratory work, a part of the long search for an all-purpose oil that would have a viscosity index up near the 125 VI which used to be a laboratory freak.

Exanol actually makes oil of 120 VI and does what previous efforts with hydrogenation, solvent extraction, aluminum-chloride treatment, fuming sulphuric acid, and blends never have quite been able to do in direct treatment of lubricants. Exanol has a paraffin-like quality without paraffin's high solidification point. It was obtained by changing the character of the light ends of refinery gasoline to the higher molecular weight which gave solubility in mineral oils and possessed the remarkable quality of increasing viscosity indices of such oils.

The addition of 1.3% of Exanol to an oil of 93 viscosity index raises it to 120 VI without altering the other commonly measured physical and chemical properties of the oil.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

AN automatic device, the Press-Toe, is now offered by The Canton Drop Forging & Mfg. Co. for opening and closing garage doors simply by driving a magnet-equipped car over a buried magnetic switch. Lights for the driveway, garage, or home can be controlled by the same device. Special units for industrial uses are available.

GENERAL ELECTRIC Co's Cleveland plant has applied arc welding to the construction of steel spheres for gas storage, used two regular GE 400 ampere single-operator welding generators on the 5/16" steel to complete the 36-foot diameter sphere which has a maximum gas capacity of 50,000 cubic feet when under 29 lb. pressure.

INSTANT FUDGE, produced by Robert A. Johnston, candy manufacturer, requires only the addition of boiling water, stirring, cooling to produce highly satisfactory fudge at home. It



MOTOR PARTS AND GRAPEFRUIT
—First shipment of grapefruit in the new container developed by Package Research Laboratories was auctioned Tuesday in New York. The box is collapsible, reusable, requires no nailing, has no center partition, weighs 1 lb. less than the ordinary box, and saves 33% in packing costs, 10% in freight. The container has been used for some time by numerous automobile parts makers, has other applications in industry and agriculture.

is equally satisfactory for cake icings, sauces or to make chocolate drinks.

DOUBLE-PURPOSE packages are used by Pioneer Suspender Co. for belts and garters. Both made of Bakelite, the belt gift box becomes a cigarette humidor and the garter box afterwards is used as a pen stand, for holding a memo pad or as a picture frame.

THE Ribbonew Corp. offers a device which transfers a special solvent to typewriter ribbons while in the machine, restores them to their original efficiency and prolongs their life. By weekly application ribbons will deliver uniform, clear impressions for long periods.

A MOTOR renewal kit for Ford and Plymouth cars, announced by The Perfect Circle Co., contains a single complete set of piston rings and piston expanders, is to be used by dealers and repair men as the starting wedge for selling a motor-overhaul job.

THE Wagner Manufacturing Co. offers a cheese slicer that facilitates sandwich making, and cooking utensils of "Mag-nalite" that, rugged and supplied with special non-turning handles, are practical for use in restaurant, tea room, as well as home kitchens.

Wide Reading

UNEMPLOYMENT INSURANCE—THE EUROPEAN EXPERIENCE AND THE AMERICAN BEGINNING. Bryce M. Stewart. *Automotive Industries*, Nov. 24. Summary information on the experience in various European countries, with some of the lessons the United States can learn from their schemes.

THE GEOGRAPHY OF AMERICAN ACHIEVEMENT. Dumas Malone. *Atlantic*, December. Birthplaces of famous people—with rating of the leading states.

COST OF ENERGY DISTRIBUTION. *Electrical World*, Nov. 24. Power Authority of New York makes report on costs of distribution and St. Lawrence power. Summary of findings and basis for conclusions given. Uniform state rate advocated. New formula for rate making.

THE SECURITIES ACT OF 1933 AND THE BRITISH COMPANIES ACT. George E. Barnett. *Harvard Business Review*, Fall. Leading features of the two acts compared. Lessons from the much older British legislation, and discussion of the stern features of the U. S. act.

UNDERTAKINGS WITHOUT PRECEDENT. *Engineering News-Record*, Nov. 29. Series of articles on an extraordinary group of federal public works projects now under construction. Plans, costs, benefits.

WHAT THE COLLEGE MARKET IS BUYING—AND WILL BUY. *Sales Management*, Nov. 15. Actual surveys made at 10 representative universities, with listed preferences on 9 items.

OUR BANKING FUTURE. Jesse H. Jones. *Today*, Nov. 24. "I believe that banking should remain a private enterprise, in private hands, and, if possible, be brought under a more unified system." But the head of the RFC wants certain safeguards to prevent any future crisis.

U. S. REAL PROPERTY INVENTORY. *Architectural Forum*, November. For the first time the building industry and its financial backers learn the facts; housing for rich and poor in 64 cities reduced to charts and maps. Includes such cities as Syracuse, Des Moines, Knoxville, Racine, Topeka, and Portland.

BOOKS

CREDIT MANUAL OF COMMERCIAL LAWS, 1935. National Association of Credit Men, 512 pp., \$5. New edition of a handy manual, including complete review of amendments to the bankruptcy law, and discussion of bonds on public improvements.

A HANDBOOK OF NRA. Edited by Lewis Mayers. Federal Codes, Inc., 842 pp., \$6.50. Contains copies of important codes, summaries of many others, copies of basic executive orders, regulations, administrative rulings and judicial decisions. Also analyses of specific code provisions and bird's eye view of all codes.

THE MARKETING INSTITUTION. Ralph F. Breyer. McGraw-Hill, 358 pp., \$3. New and interesting treatment of important phases of an old subject. Reviews early effects of New Deal "marketing" legislation, analyzes the effects on markets, speculates on the future of the New Deal in marketing.

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Identify your outlets. Tell prospects "Where to Buy It"

Getting your brand INTO dealers' stores is important. Getting it OUT of the stores and into consumers' hands is even more important. "Where to Buy It" Service identifies your dealers as such, makes it easy for prospects who want your brand to locate your authorized retail outlets.

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N C & VICTOR RADIOS AND PHONOGRAPH COMBINATIONS

N C A Victor dealers will gladly make home demonstrations and easy terms on the marvelous new N C A Victor line. See them also for Victor Records.

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Radio Electric Sales

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Radio Parts & Etc.

Radio Tapes Co. 1014

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Radio's Radio Shop

Radio Sales

Radio Sales

Radio Sales

Crop Control for 1935

AAA seeks "controlled expansion" of farm output, "ever-normal granaries," some administrative tinkering; but Congress may have more ambitious ideas, particularly along crop export lines.

THE Agricultural Adjustment Administration, despite an 18-month record of successful operations, is preparing for a barrage of opposition legislation from the forthcoming Congress. Secretary of Agriculture Wallace publicly predicts, "a powerful drive, in and out of Congress, for removal of any and all restrictions." More likely is a rash of new schemes elaborating AAA's production restrictions and marketing controls with the addition of domestic allotments, export subsidies, and similar devices.

The Export Urge

Emphasis upon recovery of export markets runs through all new proposals for farm relief, most of which would incorporate some method for giving the farmer one price for domestically consumed products and another on exports. Some would include limitations upon production. Others would give the farmer carte blanche to produce unlimited quantities for world markets over a domestic allotment for which he would receive extra compensation.

Most radical of the proposals has come from the Farm-Labor faction which would place farming on a "utility basis" with day-to-day prices arbitrarily fixed by a government commission on those things consumed domestically. Farmers could produce all they wanted

to above domestic needs and, if dumping of this surplus drove down world prices, it would likewise induce the farmers to raise less.

AAA is busily outlining its own ideas on new legislation. Its broad program is keynoted by Secretary Wallace's expression, "controlled expansion," to replace crop reductions which have been outmoded by the elimination of surpluses and the recovery of farm prices.

Crop programs already announced for 1935, allowing an estimated excess of 165 million bu. of wheat over domestic requirements, a surplus of 250 million bu. of corn, and increasing the potential cotton crop some 3 million bales over 1934, indicate the trend of AAA's policy. These prospective increases in output will give leeway for more farm products to move into export channels if the demand arises for them abroad. In the event that demand fails to appear, the carryover would go to start the "ever-normal granaries" which it is hoped can be set up.

A definite plan for creation of these "Egyptian" reserves against short crop years has been presented to the committee on coordination of government lending agencies. It would replace the Commodity Credit Corp., which loses its lending power after the first of the

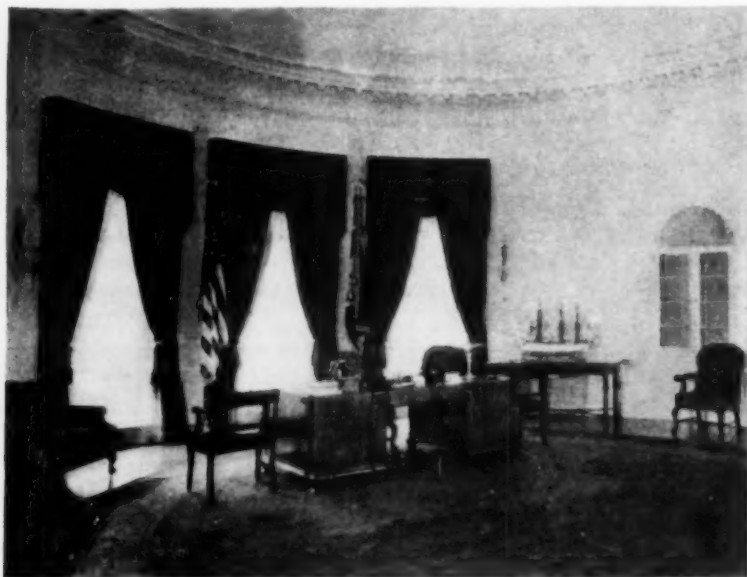
year, by a new agency with a \$500-million revolving fund for lending to farmers after the manner of the CCC's loans of 12¢ per lb. on cotton and 55¢ per bu. on corn.

Otherwise, AAA seeks only legislation that will facilitate its administration. It would like amendments clarifying its authority to license producers and handlers under marketing agreements. This method of control, which is being applied to some 60 farm products, has been found more adaptable to minor commodities than the processing tax benefit payments methods used on the basic commodities. But difficulties have arisen where any force has been necessary to gain compliance, as is most clearly illustrated in the numerous squabbles over the milk control program. More definite language about power to allot quotas and particularly specific authority to look into books and records without so much argument from people it wants to investigate would remove much of the friction from administration.

Two-Price System

AAA is not opposed to the principle of a 2-price system; in fact this is involved in several crop control schemes. Processing taxes, which are continued unchanged for the new crop year, raise domestic prices above world markets by 4.2¢ per lb. for cotton, 2.25¢ per lb. for hogs, 30¢ per bu. for wheat, and 5¢ per bu. for corn. The Northwest Wheat Export Association is an example of direct export subsidies.

What AAA opposes is the idea of unlimited production for an export market. It doesn't believe that lower prices would induce a sufficient increase in exports when the world doesn't have dollars with which to buy.



OFFICE OF THE PRESIDENT—Mr. Roosevelt's new private office looks much like his old one, but the rest of the Executive Office wing has been thoroughly remodeled and enlarged to accommodate the increased White House clerical staff.

Cotton Vote

Bankhead referendum brings clash of interests. Foreign threat seems overplayed.

THE cotton growers' referendum on whether or not the Bankhead Act is to be continued in force another year, and upon which growers vote Dec. 14, is the point upon which opposition to AAA centers at the moment. The Southern states are in an uproar of controversy over it.

Perhaps the real issue at stake is revealed by the fact that the Cotton Industries Employees Association, including some 50,000 employees of cotton shippers, compressors, gins, cotton oil mills, and other branches of the cotton handling trades, oppose continuance of the Act. Their interests, and the interest of their employers, would lie in big crops irrespective of prices to growers.

In contrast, the All Cotton States

Cotton Control Committee, growing out of a recent meeting of cotton planters in Dallas, and the American Cotton Co-operative Association, another producers group, are urgently recommending continuance of the Act, revised only as to details of its administration.

If there was any question about the outcome of the actual growers' vote, it was removed when President Roosevelt came out strongly for approval of the Act and added to his popularity in the South by proposing more liberal exemptions for 2-bale planters.

The Bankhead Act would superimpose an absolute control through taxation on cotton ginnings, on top of the voluntary crop restrictions which have already been put into effect for 1935. If growers of three-quarters of our cotton vote in favor of continuing it in force, the AAA will levy a tax upon the grower that would be prohibitive except that he pays it with certificates issued to him for his allowable production. In this manner control is extended to all growers whether or not they agree.

Substitution Limited

Opponents to the Act make much of the fear that American cotton is losing its dominance in world markets and point warningly to the substitution of foreign growths for American in world markets (*BW*—Nov 10 '34). Veterans of the cotton trade scoff at this viewing with alarm. They contend that already foreign spinners have scoured the foreign supplies for all cotton usable in place of American growth and are now faced with the necessity of coming here for the balance of their needs.

Experience with Brazilian cotton has been disappointing. Mill waste in combing the South American cotton to remove short fibers is said to run 30% or higher, more than twice the waste usually experienced with our cotton. This element of waste, combined with lack of uniformity, goes a long way to offset the price differential between the two cottons, and explains why merchants are having few reorders for Brazilian cotton from spinners who tried to switch. The Brazilian scare is to be expected about every 10 years anyway, say old-timers.

Indian Cost More

At least one instance is known where an American spinner attempted to substitute Indian cotton for domestic growth, only to find that it cost him 1¢ per lb. more than a suitable American staple when delivered in accordance with his specifications. According to quotations prevailing at the time it should have cost him 1¢ per lb. less, but when selected for length of fiber and grade, this differential disappeared. An English or European spinner would have fared little better in the same test, since the difference in freight would have been inconsequential.

A representative of the Japanese cot-

Burroughs

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COMPLETE ELECTRIC OPERATION

- TWO SETS OF DIALS** Individual totals are obtained in front dials, then transferred electrically to rear dials for accumulation into a grand total. The two sets of dials are well separated to avoid confusion.
- ELECTRIC TRANSFER** Touching the transfer bar enters the amount of the individual total in rear dials electrically, and clears the front dials.
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- FASTER SUBTRACTION** Entirely new feature provides the simplest method of subtraction on any key-actuated calculating machine.
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- OTHER ADVANTAGES** Complete one-hand control; uniform, light touch for all keys; fast, positive action; accuracy electrically enforced; motor does the work.

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BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

ton trade, our second best customers, summed up the substitution question by stating that Japanese mills could use perhaps 1½ million bales of cheap cotton to make cloth for the interior of China and India. The balance of Japanese production is aimed at markets in Australia, South America, and elsewhere, where the quality of cloth requires a superior raw material and for which American cotton is used. If English and European mills attempt to substitute in greater extent than Japan, with its newer and better equipment, the Japanese see just that much better chance to take their markets away.

Confidence that foreign spinners must sooner or later turn to the American markets has minimized concern over the large holdings of cotton in the government's hands. Some 6.5 million bales are owned, are pledged under government loans, or under private loans that would be thrown over to the CCC should prices drop below 12¢. The best trade opinion, despite considerable talk of the government's having to liquidate some of this cotton at a loss, is that, with control of 1935 production definitely established, prices will move up sufficiently above the loan figure to eliminate this problem.

Anti-Chain Talkie

Independents underwrite showings of "Forward America" which dramatizes their arguments against the chains.

THE motion picture is a propaganda weapon which is as necessary in warfare as are tanks. This device now makes its appearance (with sound and some fury) on the scarred field where chain and independent retail stores snipe and blast away at each other. A picture called "Forward America" is being shown in various cities. It uses all the sure-fire movie tricks to dramatize the downfall of an independent retailer and to drive home with simple graphs all the arguments used against chains. Where it has been shown, independents report a definite effect on the consumer public. Efforts are being made to suppress the film through NRA and Federal Trade Commission channels.

"Forward America" is shown to the public free. Cost of exhibition is underwritten by independent retailers or organizations in the different localities. By one plan, stores purchase blocks of tickets for 10¢ each and hand them out to customers. In Charleston, W. Va., the Better Business Association (consisting of purely local enterprises) sponsored the picture, was enthusiastic over results. It reports that attendance jumped from 1,800 the first night to 4,300 the third. Trade conventions are

shown the film and this contact is used to promote theater runs for consumers.

The picture was financed and produced by Frank R. Wilson, who knows his propaganda and his movie technique. He was national publicity director for the Third, Fourth and Fifth Liberty Loan campaigns. After the war he went into the movie business. Later he directed the NRA committees which campaigned for the President's reemployment agreement.

"Forward America" hits hard and fast. The story tells of "John Adams of Adamsville," an independent retailer who is ruined when chain stores invade his town. Arguments are presented to support claims that chains drain capital from communities, hurt the local markets of farmers, oppress manufacturers, lower living standards by depressing wages, add to unemployment by substituting machines for men. Chains don't like it.

Back to Dividends

Buying power gets a boost from increased payments to stockholders, including the largest total of "extras" since 1931.

DIVIDEND declarations by 675 companies in November exceeded \$347 millions, the highest for any month since February, 1932. For the 11 months to date, the New York Times compilation reaches the impressive total of \$2.4 billions compared with \$2.2 billions in the same period of 1933, the low year for dividends in the current depression. On the assumption that this record represents approximately 75% of all dividends, 1934 should find stockholders richer by some \$3.5 billions compared with an estimated total of \$3.1 billions in 1933.

Whether companies have been moved to declare dividends because they feared a tax on surplus, or whether better business volume brought in cash which could find no employment or employment only at niggardly rates, the figures

do not reveal. Both situations may have governed action, with the latter the stronger stimulant. At any rate, not only have dividends been resumed by 295 companies so far this year, but increased dividends have been declared by 303 companies against 170 in all of 1933. In addition, extra dividends have already been posted by 489 concerns, the largest number since 1931. Sixty-eight have granted stock dividends against 55 in 1933, while 144 have ventured an initial dividend. Back dividends featured the list, hitting a high of 550.

Important companies whose extra dividend declarations in November will entail outlays of over a million dollars each include Standard Oil of N. J., duPont de Nemours, American Can, Ingersoll-Rand, G. W. Helme, P. Lorillard,

Dividends Declared—This Year and Last (11 Months—in Millions)

Industries	1933	1934	% Change
Consumer Goods			
Chain Stores	\$66.7	\$75.9	+14
Department Stores	10.8	13.3	+23
Mail Order Houses	1.7	4.7	+178
Food and Packing	145.0	151.3	+4
Motors	73.2	85.0	+16
Tobaccos	86.2	93.7	+9
Oils	167.3	230.2	+38
Producer Goods			
Coppers4	10.3	+2813
Motor Equipment	12.7	25.0	+97
Railroad Equipment	17.8	16.5	-8
Steels	13.9	18.1	+30
Service			
Railroads	143.8	170.0	+18
Public Utilities	799.4	752.7	-6
Banks and Insurance	169.9	174.6	+3
Miscellaneous	447.1	593.5	+33
Total	\$2,155.8	\$2,414.7	+12

Procter & Gamble, Phelps Dodge, Lord & Taylor, a New York City department store, declared a \$5 extra and a \$50 special dividend.

Total dividends declared by various industries in the 11 months of 1934 compared with 1933 are grouped in the table accompanying this news report. While the list as a whole shows a 12% gain for the period, individual industries vary from a loss of 8% in the case of railroad equipment companies to the spectacular gain of 2813% for copper companies. Public utilities also recorded a 6% loss so far in 1934, though disbursements have already surpassed \$750 millions. Other impressive gains include the distribution industries, oils, railroads, and the miscellaneous groups.

Canadian Dividends

Dividends in 11 months exceed \$123 millions, are \$7 millions above last year's total. Imperial Oil sets record.

TORONTO (Special Correspondence)—Dividends declared by Canadian corporations listed on the Toronto Stock Exchange for the 11 months ended November are shown by its *Monthly Bulletin* to total \$123,086,391, an increase of nearly \$26 millions over the corresponding months of last year, or \$7 millions more than for all 1933.

The *Bulletin* lists all dividend changes up to the end of November and places 75 in the favorable column against 8 unfavorable. The list is thoroughly representative of Canadian industry, containing the names of corporations in the utility, brewing, mining, textile, food, merchandising, oil, manufacturing, construction, and amusement fields. Approximately 83% of Canadian corporate issues are listed on the Toronto Exchange.

Of the 75 favorable issues, 14 companies resumed dividends during the year, 27 increased distribution to shareholders, 13 made initial payments, 10 made payments on arrears, 6 paid arrears with their regular payments, and 5 companies have so far distributed sufficient dividends to intimate an increase when the year is completed.

The increase in aggregate dividends for the year has been due primarily to the added bonuses and initial dividends declared by Canadian gold mines, which in themselves contributed \$28,511,736 as against \$17,522,726 in the 11 months of 1933. Dividend increases in the industrial field featured the textiles, motors, and oil stocks. During the year, Imperial Oil—with one half-yearly dividend in June—celebrated better times by distributing to shareholders the second largest single aggregate amount in Canadian history.

2 OUT OF 3 NEED IT



SATURDAY.—Old floor, badly worn, impedes trucking, slows up business.



MONDAY, 8 a.m.: New floor in use. Placed over week-end, no business tie-up.

'INCOR'
24-Hour Cement
Prevents Business
Tie-Ups—Makes
Better Concrete

For five long years, plant maintenance has been piling up. Industrial floors show it more than anything else—in some localities as many as two in every three need repairs.

Fortunately, floor resurfacing need not tie up a plant for 10 days or two weeks. Because 'Incor' 24-Hour Cement, which cures or hardens 5 times as fast as ordinary Portland cement, now makes it possible to replace a floor over a single week-end, without an hour's business disruption.

And 'Incor'* makes better, longer-wearing concrete, by curing thoroughly in the limited time it is possible to keep the floor wet. Made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other leading cement manufacturers.

*Reg. U. S. Pat. Off.

Premium Thriller

Give-aways at movie theaters have reached point where manufacturers are fighting for the business and part of the industry is trying to abolish them.

"FREE Premiums," increasingly important as retail sales aids since 1929, have reached heroic proportions as a box office lure for motion picture theaters. The result is an inter-industry battle over their use, while suppliers industriously hack at each other's prices in efforts to capture orders. The struggle to reduce such handouts has been carried all the way up to the NRA officials for decision.

Here is a business worth the battle. Distributors in New York and Philadelphia alone buy \$8 millions in theater premiums annually. It is estimated that national demand tops \$25 millions. Items must be housewares that come in sets—china, glass, linens, silver, cooking utensils, kitchen cutlery, etc. Especially keen competition among makers of chinaware has created serious price struggles in this field.

The fight against the use of premiums sets the little neighborhood house against the gilded downtown movie cathedral (or mosque). For the small house has found premiums effective in holding business against the allure of double-feature pictures, flamboyant stage shows, half-acre orchestras, and the rest. Passions reached an ugly heat long before NRA days. In framing the code for the motion picture industry it was finally agreed that premiums could be banned in a district where 75% of the affiliated (chain) theaters and 75% of the independents voted to do so. Each theater in operation was to have one vote.

Recount Demanded

Heck broke loose when a local NRA board set aside 5 counties about Camden, N. J., as a zone, allowed a poll to be taken on premiums. It was thereafter announced that the chain theaters had voted heavily against, that the necessary 75% of independents had voted against, that hence the troublesome premiums would be taboo in that zone. Independents repudiated the poll immediately and vociferously, appealed to an NRA board of review where the argument now rests. It was alleged that the zone was irregularly established and that, of the 36 theaters which voted as independents, 9 were chain units and 5 were closed.

Premiums were developed primarily as a means of building attendance on Monday and Friday nights, soft spots in the neighborhood movie's week. Special service companies buy the premiums in large lots, help finance the

distribution by carrying stocks, parcel the premiums out as they are needed, instruct the theater owner in how to get the most out of the scheme. Profit comes from sale of the merchandise to theaters.

Certain rules are fundamental. The premiums must be handed out on slack nights only. They must be given only to women. They must come in sets of not less than 26. Thus if a movie is donating to patrons a 52-piece china set at the rate of 2 pieces a week, the theater can expect the attendance of Mrs. Fan with her husband (and maybe some older kiddies) for 26 weeks. Generally the theater's cost is around

10¢ or 11¢ per piece. Effective examples are used to sell the idea.

Prior to the "give-away" a certain house took in \$50 on Monday. By distributing 1,000 pieces of china costing \$110, Monday business was increased to \$300. Net boost from premiums, \$140.

The premium companies are shrewd buyers both as to price and design. Their jockeying on quotations has caused many a manufacturer to wish his costs were made of rubber. Most of the items are well styled. Patriotic prejudice (and necessity for access to full sets and new lines) has kept Japan and other foreign countries out of the business. Premium companies instruct the theaters in effective ballyhoo for their give-aways. A necessary detail is a lobby display case showing the entire set in its full glory. Thus, while lugging home a modest vegetable dish, the housewife may view in passing the more ambitious units that will reward her perseverance.

London Is Gayer

Royalty's boost to business during "wedding week" the climax to a year of steady recovery. Theaters, hotels, and retail shops share returning prosperity.

LONDON (*Special Correspondence*)—

When Princess Marina came over to London to become the Duchess of Kent, friends said she paid English duties on a \$20,000 trousseau made in Paris. British couturiers discreetly raised no protest. Though deprived of the prestige of providing the royal outfit, they were doing too much business to feel grieved. More than a thousand guests had "swanked up" for the occasion. More than a million Britishers had come up to London to see the pageant and do a little shopping. Business in November was better than it had been any other month of this rather encouraging year. In some cases it had come all the way back to pre-depression levels.

It has been a lucky year for English business, with London showing the most marked gains. Luxury hotels are full to overflowing. One group reports that it turns away 200 guests a day. The Carlton, which for 2 or 3 years has done badly, now shows increased net profit. The Savoy group (Savoy, Claridge's, and the Berkeley) have resumed dividends. The Grosvenor has had a good year, and paid a dividend. The Gordon hotels, most heavily hit during the depression, have not yet resumed dividends, but losses have been greatly reduced.

Present rates in London's luxury and semi-luxury hotels are lower than in the boom period of 1928-29, but there

is no price-cutting among the leaders. Prosperity of less pretentious hotels may be gauged by the Cumberland, which opened recently for middle-class trade. It has 1,000 rooms and most of them are occupied.

Apartment hotels are growing popular. The Mount Royal—a block of flats near Marble Arch with self-contained apartments either for transients or for permanent occupancy—was fully booked with 1,200 tenants three weeks after opening.

With this encouragement, London hotel executives flocked to New York last month to attend the semi-annual meeting of the International Hotel Alliance. England is going to celebrate next year the 25th anniversary of the rise to the throne of King George. All the Empire is being invited to London, and plans are being made for a great influx of tourists. Hotel executives are brushing up on new management ideas, planning for a rush of business.

Theaters Feel the Effects

Theaters in London (including such places as the Palladium, which specializes in a crazy variety show) number about 50, excluding the suburbs. Of these, about 44 are open and well patronized. Prices have not changed, average 16 shillings and 6 pence (about \$3.50) for orchestra seats. Shows have a tendency to run shorter, but largely as a

matter of policy. Dramatic leaders are sold out for weeks in advance.

Demand for touring stock companies and variety acts is greater this year in the provinces. First night excitement is intense. As enterprises, theaters are doing better because productions are kept less costly, following the heavy losses last year on such spectacles as the Drury Lane show. Luxury and other "talkie" theaters are well patronized.

Cruises Draw More

The number of cruises is about the same as in 1933—about 400 for the year. The most popular is that which lasts about 16 days. Tourists prefer "cabin" or "tourist" class to first class. This is believed due not to the cost factor so much as to the feeling (right or wrong) that more merriment is to be had in the two cheaper classes. More people than ever are going to Egypt in the winter, and the attraction of the Riviera is strong. More people are cruising and they are spending more. A few—but very few—of the wealthy are resuming hunting trips in Africa.

Horse racing shows increased attendance. Dog-racing has been hit by the government's prohibition on the "tote," or betting. Football matches in the London area are having record attendances. Part of this increase is due to the modern policy of the "Woolwich Arsenal" team, which has assumed the publicity standing of a Roman gladiatorial show.

In the luxury shopping districts fewer shops are vacant and trade is definitely better. Among art dealers—worst hit of the luxury group—the tendency is to stage small shows of "Under £100" (in bad years the slogan came down to "Under £10"). Diamonds are selling better, and other gems are reported to be in demand. Breweries and distillers are all showing increased dividends, with a return to expensive wines and brandies in the luxury restaurants and cabarets.

The Court Influence

Under King George and Queen Mary, the Court is always sedate, but it is more expansive now than recently. The Princes are much in the public eye, except the Duke of Gloucester who is in Australia, but their "tone" is towards serious attention to the economic situation rather than social enjoyment. None the less, they help to dispel gloom in London. The royal family is exceedingly democratic. It is possible to go to a theater and find (without pre-arrangement) the Prince of Wales in the stalls and possibly the Princess Royal and a party in a box. The unwritten rule is that no publicity use is made of these private visits, and the royal patrons are ensured of no annoyance from the rest of the audience, who, after a preliminary peek at the celebrities, studiously look the other way (British "good form").

The candy trade, always a good index,



Courtesy of Electricity on the Farm

FARMERS want electricity. Someone has counted 140 ways in which electric power relieves the drudgery of farm work. Yet, only 25,000 farms have been electrified since 1931. More than three times that number were electrified in single previous years. Eighty-eight per cent of all farms are still without electric service from central plants.

Utilities realize that farm electrification is one of their best fields for service. But their efforts in this direction have been hampered by their inability to raise money for

rural line extensions. Increasing taxes, government competition, and forced rate reductions so injure the credit of utilities that investors hesitate to put money into this industry.

Farm electrification is of especial importance to areas served by the Associated System. Of 4,000 communities served, only 86 have more than 10,000 population.



Have you read the discussion of utility security holders' problems in the October Associated Magazine? Copies may still be obtained at 10c each from Associated Magazines, Inc., Ithaca, N.Y.

Associated Gas & Electric System 61 BROADWAY NEW YORK

How to comply with the new law and conditions affecting the issuance and distribution of securities.

FEDERAL SECURITIES ACT PROCEDURE

By J. K. LASSER, Certified Public Accountant, and J. A. GERARDI, Member of the Bar of the District of Columbia. 388 pages, 6x9, \$4.00.

DO YOU know the full scope of the Securities Act—what it demands in compliance—how the director, officer, principal executive, and others, are affected? Here is a full, detailed treatment of the Securities Act, as amended, in all its aspects. It interprets the meaning of all parts of the Act—it gives definite instructions for complying with all of its provisions.

Three chapters are devoted entirely to particularized discussion of the content of the registration statements, the audit necessary with respect to each of the items called for, and the procedure used in the compilation of all the data to be filed.

Other chapters cover history and scope of the Act and Amendments, analysis of terms, powers of the commission and review by the courts, analysis of rights of purchasers, unlawful practices and criminal liability, etc.

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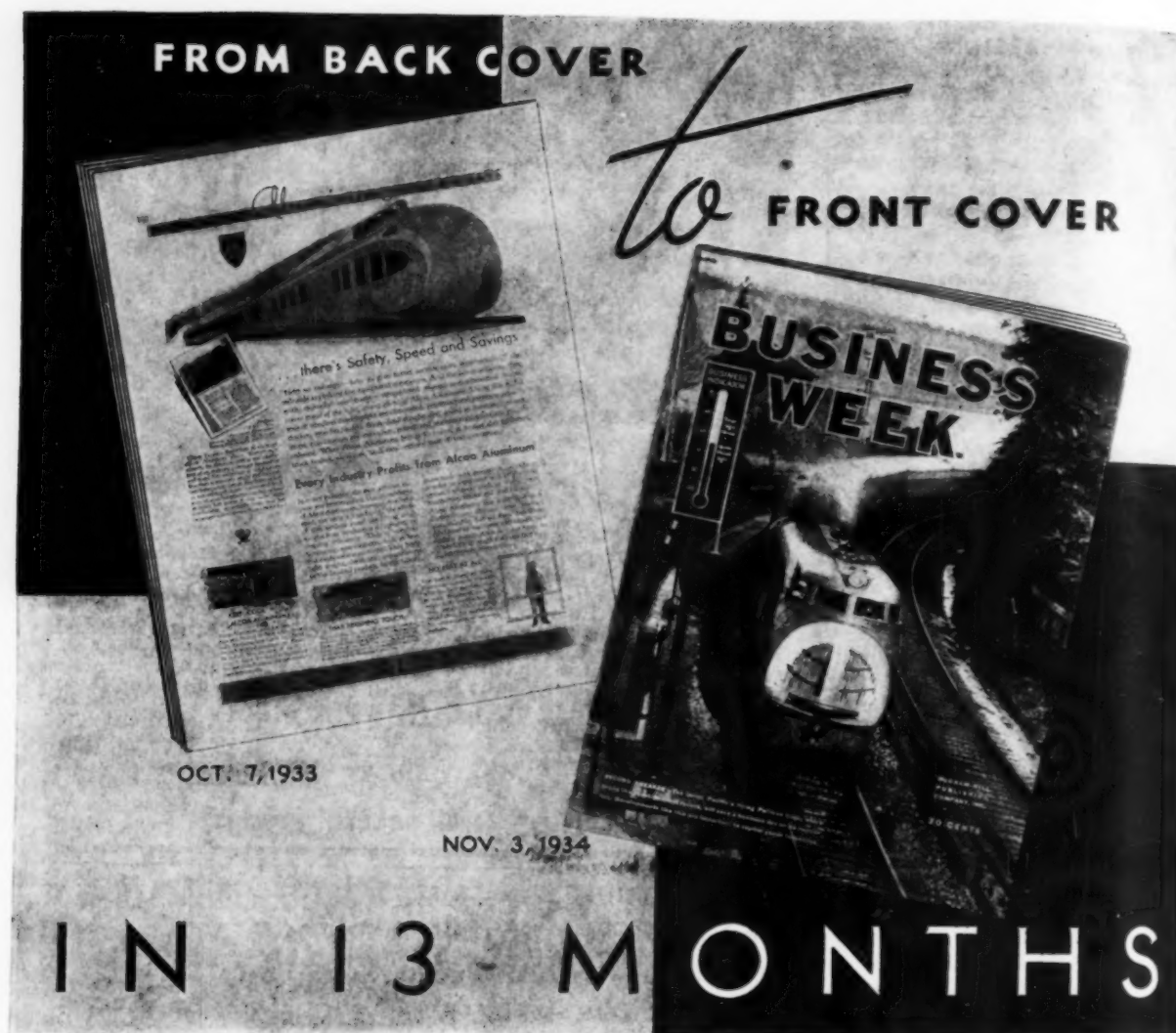
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WHEN that streamlined aluminum train clipped a day from railroading's coast-to-coast record, it also set another speed record: from World's Fair "curiosity" in '33 to transportation reality in '34.

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is doing well. One change is that in addition to the old-fashioned box of chocolates there is now a growing demand for boxes of assorted toffees and sweets—"The Week-end Selection," "The Cost Corner Selection," and so on. The provision of these selections implies a bigger sale for domestic use than has been felt during the slump years.

Railway traffic continues to be good. The total number of passenger journeys (excluding commuters) is about 3% ahead of last year.

At the Antique Dealers' Fair, recently ended, sales in 3 weeks ran to almost \$1 million. Another Fair is planned for next year.

There are 5,000 more riding hacks in Britain than 2 years ago, which means a market for an extra \$100,000 of agricultural produce, to say nothing of orders for saddlers and the like.

Champagne Popular

Poor Germans can't afford much beer, but the wealthy double their consumption of champagne.

BERLIN — (Special Correspondence) — Beer consumption is a fair index of German prosperity. When the "beer year" ended Oct. 1, it showed a gain of 7.2% over the previous year, but each of the last three quarters indicated a declining trend. Comparisons with the previous year work out like this:

	%
October-December, 1933	-1.2
January-March, 1934	+13.1
April-June, 1934	+12.1
July-September, 1934	+5.0
October, 1933-September, 1934...	+7.2

The smaller consumption of beer since April, despite an unusually hot summer, reflects, no doubt, the decline in labor income caused by shorter hours (especially in the textile industry). Besides, workmen employed on emergency work get only a small amount of "pocket money," which may suffice to buy a few cigarettes but is not enough for a glass of beer.

In marked contrast with this movement of the beer index, consumption of champagne has doubled. Total sales this year were 9 million bottles against 4.7 millions the year before. This is largely attributed to the repeal of the champagne tax last year (about 40¢ a bottle). Yet observers of restaurant life do not record any increase in "open" consumption of champagne. On the contrary, people are rather afraid to display "luxury habits" which may be considered "unsocial." Germans must have been doing their champagne drinking at home.

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E. LESLIE SEFTON, Managing Director
THE LARGEST UNIT IN THE UNITED HOTELS CHAIN

German Business Progresses, Too

Many of Reich's gains parallel ours, but German exporters are worried over the outlook.

BERLIN (Special Correspondence)—Whatever one's political reactions may be to the New Deal which Hitler brought to Germany in January, 1933, the economic trend in the Reich in the last 2 years reveals many striking parallels to the United States, together with some sharp contrasts.

German industrial activity never dropped as low as in the United States, and its recovery has been more steady and better maintained, but all along the trends have been pretty much in the same direction. German industry now is working nearer the 1928 level than American (chart page 29).

Motor Boom

In the manufacturing line, few German industries show up as well as the automobile manufacturers. (Admittedly, the industry does not occupy the important place in the German industrial setup that it does in the United States.) Significant is the fact that the Hitler government has determined to motorize Germany and has boosted business in 3 ways: by reducing automobile taxes, by boosting tariffs and otherwise restricting imports of motor vehicles, and by building new roads. No country will suffer as much as the United States in this rigid—and admittedly discriminatory—import restriction. New automobile registrations have averaged 440 a month this year, compared with 270 last year, and 134 in 1932. Truck registrations jumped from a monthly average of 23 in 1932, to 38 last year, and 72 this year. For passenger cars, registrations have shown the usual seasonal decline since June, but for trucks there has been a steady increase which continued through October.

Big Government Projects

Pig iron output has had none of the spectacular spurts which came in the United States, but neither have there been any sharp setbacks. Public works programs, put into operation more promptly under Hitler than under Roosevelt, have boosted construction volume but failed to reach any spectacular levels. Textiles reflect the lack of demand abroad for certain German specialties, and the uncertainty which has developed in the large part of the business controlled by Jews.

Hitler's vast road-building projects and the forced sharing of work have helped Germany to pare down the number of registered jobless more rapidly than has the recovery program in the United States.

Despite the favorable trade balance in October, Germany's export trade is a

source of worry to Berlin. Exports now are at lower levels than when the Nazis came to power. Though imports have been reduced to maintain a balance, large industries are geared to produce for a market many times the size of Germany. For them it is all-important that Berlin force barter deals on foreign countries quickly if they are not to be a drag on the country's recovery program. Supplementing barter arrangements involving single items, Berlin is reported to have completed a deal with Brazil for large-scale reciprocal trade. More are expected to follow. The United States, selling ordinarily \$3 worth of goods to Germany for every \$1 worth purchased, stands to lose in the readjustment. Hardest hit are American exporters of cotton, copper, lard, and automobiles.

Clothes Cost More

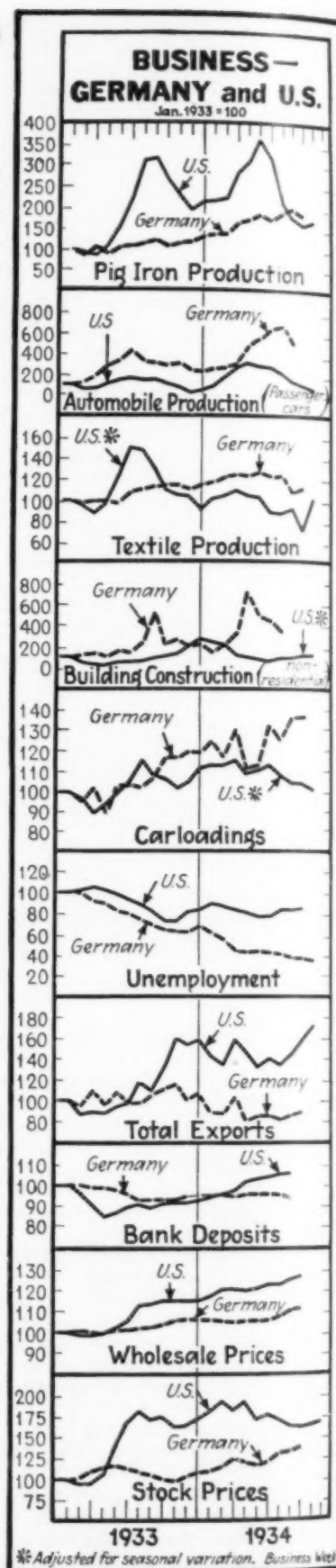
Second great worry in Germany is the cost of living. The Nazis have promised much. Dependent, however, on the outside world for much of their food and for raw material for industry, their import restrictions have caused domestic prices to climb as they always do when there is a scarcity. A price dictator is busy but he has not succeeded in keeping prices at former levels. Rent, light, and heat—essentially domestic matters—cost almost the same now as when Hitler came to power. Clothing prices on the other hand, were 6% higher in October than a year ago, and there was a general rush throughout the country to lay in supplies for fear of a winter shortage. Food prices were 3% higher in October than a year earlier. Wages during this period, according to the Government Statistical Office, had not changed.

Within the last few weeks, stock prices have declined because of the definite government policy of limiting dividends to 6%, special inducements being offered bondholders, and a growing feeling that various industries are going to be forced to finance experiments in their own fields (BW—Nov 10 '34).

Nazis Firmly Entrenched

Germans and foreign observers are agreed that there is not likely soon to be any radical change in Germany—either politically or economically. The fascist form of government is so firmly entrenched that no effective opposition can easily develop.

The foreign boycott of German goods has been definitely harmful in the field of consumer goods, but even these industries are finding it possible partially to combat this with sharp bargaining of Germany's tremendous buying power.



Business Abroad

Saar terms remove worst danger point in Europe, buoy business in many countries. Berlin will exercise closer control over credit. Brazil favors United States.

WHEN representatives of France and Germany agreed at Rome last week on the price and terms at which Berlin would settle with Paris for the return of the Saar mines to Germany, it was the most significant political development in Europe in many months. It is the first important evidence in many months that Germany and France are trying, and with some success, to build up better relations which may lead soon to a new and broader trade agreement than now exists.

Business everywhere reacted favorably. Optimism was greater in New York, if possible, than in Paris or Berlin, where problems still ahead are more fully appreciated. The world in general, nevertheless, considers the European political situation more hopeful than at any time this year.

Saar Densely Populated

The Saar is the small region (scarcely larger than the Free City of Danzig) between Alsace-Lorraine (now French) and Germany. With more than 800,000 inhabitants, it is the most densely populated region in Europe. It is said to be 98% German, and more than 70% Catholic. It has some of the largest coal deposits in Europe. About one-third the entire population depends on coal mining for a living.

By the Treaty of Versailles, the Saar Territory was taken from Germany and placed under the control of the League of Nations (Alsace and Lorraine were returned outright to France). Saar coal and Lorraine iron ore were interdependent. At the end of 15 years it was agreed that the people of the Saar should vote whether they wished to remain under the control of the League of Nations, become a part of France, or return to Germany. This voting is to take place on Jan. 13, 1935.

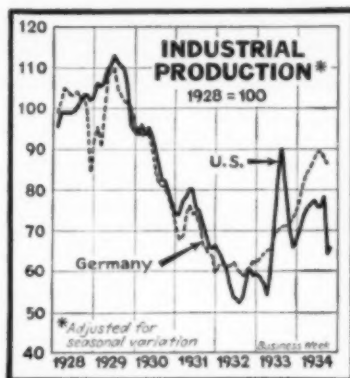
Also stipulated in the Treaty is the fact that some provision must be made before the plebiscite for the payment to France for the mines in case the Saar votes to return to Germany. It is this decision, reached at Rome, which has brightened the outlook in Europe.

Settle for \$59 Millions

At the time the Saar was placed under the control of the League, its mines were turned over to France as reparations, and their value was loosely written down at 300 million marks (about \$120 millions). The committee in Rome last week agreed that Germany should pay France 900 million francs (about \$594 millions), plus 11 million tons of Saar coal in case the region reverts to Germany. Germany also guaranteed equal rights to all voters in the region (including presumably 4,000 Jews), and equal opportunity to share in social insurance and state aid.

Germany, according to the agreement, is to buy up the French francs circulating in the Saar and use them to make payment to France for the mines and for private French credits in the

region. German estimates place franc circulation in the region at 600 millions; French estimates run as high as 1.8 billions.



Terms of the plebiscite provide that the voting be by communes and that the future status of each may be decided by the League on the basis of the vote. It is even agreed that should the territory refuse to return to Germany now, under the Hitler government, it can still vote to be annexed later.

Significance of the agreement between Berlin and Paris rests in the alacrity with which they came to terms, the prospect that this removes one of the most serious barriers to a new trade agreement, and the possibility that they may, before long, come into closer agreement on armament demands.

Americans have a direct material interest in the Saar estimated recently at \$1 million. Foreign bonds have been sold on behalf of Saar municipalities, banks, and industries. Total dollar bonds at one time ran to \$9 millions. All but about \$3 millions have been liquidated, and only \$1 million of these are thought now to be held in the United States.

France

Flandin's Christmas gift to France is a NIRA modeled in robust Roosevelt style.

PARIS (*Wireless*)—In the same week that the great Paris department store—Grands Magazins du Louvre—an-

nounced the first loss in 79 years of business thus reflecting the seriousness of the economic crisis which has finally reached France, and just when control of the great Citroën automobile works passed to creditors, Premier Flandin told his fellow countrymen over the radio that "deflation in France is nearly over," that "France must work by every means to adjust her internal production and consumption in such a way that all producers should reap equal benefits," that agriculture will be regulated so that "our Christmas gift to poor children can be cheaper bread."

Flandin's New Deal for France will frankly follow the example set by President Roosevelt's NIRA. Industries will be grouped under codes. Production will be regulated. Credit will be extended, with or without the aid of banks. Surplus wheat will be purchased by the government through a 2,500 million franc loan whose service charges will be met with proceeds from a processing tax of 7 francs a quintal for flour, paid by mills. Colonial trade will be pushed following a great colonial conference now in session in Paris. Foreign trade will be encouraged in a series of new trade agreements. Soviet orders are expected to double following the trade conference now meeting in Paris. Special credits are likely soon to finance Soviet business.

Over the Paris-London and the Paris-Marseilles air routes, Air France competes with Imperial Airways, the British service. Recently the 2 companies have agreed to a pooling allocation of revenue on these routes. On the Paris-London line, Imperial gets a 60% cut of the revenue. On the Paris-Marseilles route, Air France gets the 60% share.

Germany

Saar settlement considered good bargain. Berlin imposes drastic control of all credit. National revenues increase.

BERLIN (*Wireless*)—Being at the debtor end of the agreement, Germany's satisfaction over the Saar pact is registered with a little more reserve than in the rest of Europe. The settlement is, nevertheless, the best bargain that Germany could expect, and is an important move toward the improvement of Franco-German relations. It is also considered in Berlin a good omen for the armament parleys.

Securities tended to react favorably to the Saar settlement, but were held back by the simultaneous announcement of drastic new government regulations of the banking system and limitation of dividends to 6%. Banks are not to be nationalized, despite a Nazi tendency in this direction in the last two years, but they are to be strictly regulated by a central governmental office. Stock exchanges will be reduced in number. Dividends will be limited to 6% and the balance of profits beyond this figure must be deposited in the Gold Discount

Bank, through the purchase of government bonds. It is estimated in Berlin that this regulation will bring 40 million marks into the hands of the government for relief purposes.

The exceptional liquidity of the money market has resulted in another reduction of the private discount rate from 3½% at the beginning of November, to 3¼%. The Treasury has also been able to reduce the discount on its offerings of Treasury bills which still meet with brisk demand. This easing of the money market has been the cause of conjectures regarding the possibility of an early reduction of the official Reichsbank rate which has remained at 4% since September, 1932.

The German budget is developing satisfactorily. The tax revenue of the first 7 months of the financial year amounted to 4.679 billion marks, against 3.984 billions in the same period in 1933. It is officially estimated that of this excess of 695 million marks, only 153 millions represent changes in the tax system, which means 542 millions were due to improvement in trade.

Great Britain

Christmas shopping gets early start. Civil aviation to get government boost. Government bans plan for \$50 transatlantic fares.

LONDON (Cable)—Christmas shopping, which got an early start this year when the crowds which came up to London to view the royal wedding utilized the visit to buy in the capital, is expected to touch new highs this year. Spending is freer than in many years. And in the provincial centers there is a revival of the old custom of pantomime casts in the shops and in the social centers.

Aviation shares are buoyant on the continuing pressure from the public for a better organization of civil aviation. The Parliamentary Air Committee has now taken up the plea and proposed the appointment of an Undersecretary for Civil Aviation, provision immediately for more landing fields and better ground organizations at air ports. Politicians are absorbed in the quarrel over the proposals for self-government for India, but it is unlikely to result in the defeat of the government. Rather, the public expects the debates to be finished soon so that preparations can be made for a general election shortly after the budget is settled, the election to be on a strong anti-Labor program. There is considerable criticism throughout the country over the marketing boards which have been set up by the Minister of Agriculture (Elliott) to protect British farmers, and the Tories are disturbed over the government's new policies of subsidizing various industries. The electorate generally accepts the subsidies because of the direct boost to employment.

London has been considerably stirred over the announcement last week of a plan to form a British company to go after cheap transatlantic passenger business, and over the government's firm



RUSSIA BUYS BRITISH—On a visit to England, where the U.S.S.R. has placed a huge order for machine tools for 1935, Russia's Assistant Commissioner of Heavy Industries, Mr. Kaganovitch (left) greets the president of the British Machine Tool Association. Russia's policy of buying from those who buy from her has resulted in Britain's surpassing the United States and Germany in exports to the Soviet the past 2 years. France and Germany are angling for more Soviet orders.

opposition because of the subsidies granted to the Cunard-White Star lines. Project of the new company was to purchase the three old Red Star liners now on the market (*Pennland*, *Westernland*, and *Belgenland*) and build two new vessels before 1937. With these 5 ships, it was proposed to offer \$50 crossings. Although the project has been banned, it has done good by emphasizing the possibility of competitive Atlantic fares.

Canada

Chain stores plan reforms following government investigation. Wheat sales to United States likely to reach important totals.

OTTAWA—Canada is still so stirred up over the government's investigation into the evils of mass buying practiced by the chain stores (the government this week revealed that chains are practicing short weighing and 700 cases have already been prosecuted), that the chains themselves—aware of the effect on their customers—are proposing reforms. First to come up for consideration is minimum wages. Later they will consider a standard hour week, and the elimination of loss leaders. Canadian manufacturers were especially indignant over buying demands caused by this last practice.

Only a little less interesting to Americans is the report that Canada is already selling more agricultural produce to the United States and that a trade treaty to regularize this trade is under serious discussion in Washington and Ottawa. John I. McFarland, chief agent for the Western wheat pools in Canada

and wheat market stabilization agent for the government, is reported to be in Washington this week negotiating for the sale of 15 million bushels of low grade Canadian wheat as animal feed for the drought areas of the Central states (page 34). Sale of 1 million bushels to private United States interests is already reported.

A tabulation compiled by the Dominion Department of Trade and Commerce shows that Canadian farm products or derivatives worth \$9 millions had been shipped to the United States in the four months ending with October, compared with a little more than \$4½ millions last year.

Confirmation of the Bennett government's claim of general benefit to the Empire from the Ottawa trade agreements of 1932 comes in the report of a parliamentary statement by Major G. J. Colville, British parliamentary secretary, to the Overseas Trade Department. He gives credit to the agreements for a 23% increase in British exports to the dominions. This year Canada bought \$11 millions more of British goods than in any similar period before the war. It is predicted that next year many British manufacturers will establish branches in Canada, or arrange with Canadian manufacturers to produce their goods.

Federal Wage Increase

Canada's civil servants are hoping for a Christmas present in the form of a 10% salary restoration following an open intimation by the Dominion's premier that improving financial conditions might soon warrant the move.

Following the meeting in New York of international hotel men, the director of Canada's Travel Bureau announced that the United States was showing a

special interest in the successful co-ordination in the Dominion of all travel services, was considering the establishment of a similar central service. Canadians claim they receive one out of every 20 dollars spent abroad by United States tourists.

Latin America

Brazil favors United States imports. Business watches Mexican economic progress.

BRAZIL seems to have promised the United States a privileged position in her market through the new foreign exchange regulations announced this week.

Early this fall the Brazilian government announced that it would offer on a "free" market all exchange arising from exports other than coffee. This is usually less than 25% of the country's sales abroad. On coffee, a fixed amount was still to be paid the Bank of Brazil in foreign exchange, but the balance could be in the free market. New Yorkers figured out that about 80% of the coffee exchange still went to the Bank of Brazil "for the servicing of the country's foreign debt or for settlement of certain commercial obligations at the fixed rate of exchange."

First Report Indefinite

The announcement from Rio de Janeiro last week is not altogether clear to officials in this country yet. It says that Brazil sets aside for business with the United States 46% of the coffee exchange which has recently been going to the Bank of Brazil but after the government has deducted funds for foreign debt charges, generally thought to amount to about \$45 millions a year. Based on annual exports of about 15 million bags, the Bank of Brazil should collect annually about \$150 millions a year. After deducting roughly \$45 millions for servicing the foreign debt, this would leave a theoretical \$105 millions, from which Americans are led to believe they will be allotted about \$48 millions. United States exports to Brazil last year totaled less than \$30 millions, are expected to reach about \$40 millions this year. At this rate, the amount of exchange, which it seems now will be available if the Brazilian decree is interpreted correctly, easily exceeds the present volume of business and should provide for prompt settlement of commercial obligations. New York and Washington are waiting eagerly for full details of the plan and some confirmation that these estimates are correct. It should come by next week. Terms of a Brazil-United States trade treaty, long under consideration, are expected to follow shortly.

The sudden change of government in Bolivia has undermined what confidence there was in the stability of this country and renewed the prospect of continuing conflict in the Chaco. Recent Paraguayan gains in the Chaco reduce the prospect that the question of control of the region will be submitted for arbitration.

Executives are following closely developments in Mexico. Business in that

country is obviously making spectacular gains and prospects for enlarged sales to Mexico are bright. Investors are wary, viewing many moves projected in the country's new 6-Year Plan as Leftist (*BIW*—Jul7'34). Many shrewd observers who have returned recently from personal investigations of Mexican business and government plans for the future are going ahead with their own plans to develop trade with this nearest Latin American neighbor.

Far East

Americans don't fear new Japanese automobiles. Oil companies stymied in Manchukuo.

"JAPANESE automobiles reach Marseilles, Melbourne, Vancouver." First reports of this nature worried Detroit. Confirmation brought with it relief. A few small Japanese automobiles have been received in foreign ports. It is reported that parts for 20 of these new (Datsun) cars have arrived in Australia for assembly and exhibition. It is even rumored that Japanese makers have contracted for the erection of an assembly plant at Melbourne which will turn out 400 cars a year. Price of the car is said to be about one-third the price of the cheapest American make.

What is not generally reported is that the new Datsun cars are midgets—scarcely the size of an Austin. They are the first output of the new government-subsidized Automobile Manufacturing Co. (*BIW*—Jun3'34). They are not yet in mass production, even in Japan. Americans who have seen some of the first cars produced say that United States trade has little to fear from them outside Japan. At home, where import restrictions can do anything to protect the market for domestic products and where buying power is low and travel distances small, they may find a market.

Oil for the Lamps of China

British and American oil companies have united in their efforts to combat the government oil monopoly in Manchukuo. Significance lies in their cooperation rather than in the prospect that they will succeed in maintaining their present freedom in that Far Eastern market. Japanese officials have intimated that the monopoly regulation may become effective by February if the American companies accept present terms. If not, the government may need a longer time to arrange for purchases of oil with other companies (*BIW*—Nov3'34).

Japan is reported during the week to have purchased 40,000 kilograms of nickel from Brazil, indicating a desire to open that market for Japanese goods through reciprocal trade. Commercial telephone service between the United States and Japan was inaugurated Dec. 1, with the rate on a 3-minute call between San Francisco and Tokyo set at \$30. One Pittsburgh company received an order during the week for a complete rolling mill, to be delivered in Japan in about 12 weeks.

Soviet Union

Moscow abolishes rationing of bread, forecasts era of "open" retail shops with gradual stabilization of ruble.

Moscow (*Cable*)—The bread rationing system, in force throughout Russia's urban centers since the end of 1928, is about to be abolished. Beginning Jan. 1, Russia's 40 million urbanites (who in the last 6 years have been supplied with the major portion of their food in the form of rations issued by the government and distributed by means of a huge governmental apparatus costing annually 300 million rubles) will begin once more to buy their bread in the open market just as is done in most other countries. Rationing of meat, fats, sugar, and potatoes will continue for the present, but it is believed that even these products will be sold in "open" shops before very long.

Moscow's New Deal

Moscow accepts the announcement enthusiastically as the inauguration of Russia's "New-Deal Deal." It is the beginning of the end of a dual system of retail distribution whereby most absolute necessities have been sold at one price in government shops to workers, and at another and much higher price in open shops. The value of the ruble should gradually assume a unified standard throughout the country. Prices will be regulated by the government to prevent profiteering. More than 10,000 new shops will be opened in cities throughout the country to handle the new business. Wages will be increased 10% to meet the increased living costs of workers.

Farmers Want Shoes

At the end of 1928, when the government began to liquidate private trading, the peasant had little incentive to produce food products for market. There was then an extreme shortage of industrial products for which he could trade his produce. It was this situation which forced the government to start a rationing system to keep workers in the cities fed until the country's agricultural readjustment could be completed. It is only now after a period of 6 years that this new step can be taken. With three-fourths of Russia's 20 million peasant households collectivized and 90% of the arable land in control of the collectives and state farms, and with this part of the country's agriculture mechanized and operating with considerable efficiency, the government has control of the supply end. At the same time, new factories are beginning to turn out shoes, attractive cotton cloth, cosmetics, perfume, food delicacies, phonographs, and radios in sufficient volume to supply many of the farmers. For these new "luxuries," the farmers are willing to work their farms, trade their products.

In his speech at the plenary meeting of the Central Committee recently, Premier Molotov announced that the government this year collected approximately 25 million tons of grain, compared with 10 millions collected with great difficulty in 1928.

Money and the Markets

Success of long-term Treasury financing reflects business confidence. Advertising will tell borrowers that bankers are willing. Bonds climb to new highs. Stocks use every toehold to inch upward.

BETWEEN dawn and dusk on Dec. 3, the United States Treasury sold \$900 millions of securities, receiving subscriptions for 6 times that amount. Discounting this oversubscription to allow for "padding," the event, probably an all-time record in selling securities, reflects both the wholesome recovery of government credit over the last 3 months and the plethora of funds seeking investment.

Exchange Offer Snapped Up

The offering consisted of 2 issues of \$450 millions each. One was in the form of 18-month notes bearing $1\frac{1}{2}\%$ interest; the other was made up of bonds running for 18 years and bearing $3\frac{1}{8}\%$. In addition, the Treasury offered about \$992 millions in new notes in exchange for an equal amount of certificates maturing Dec. 15, holders of the latter being given a choice of 18-month notes at $1\frac{1}{2}\%$ or 4 $\frac{1}{2}$ -year notes at $2\frac{1}{2}\%$. This made a total day's business of just under \$2 billions, since the exchange offer was snapped up almost as readily as the proposal of new securities.

Careful choice of terms and pricing facilitated acceptance of the new issues, but most significant was the success of the long-term offering. It was taken almost as readily as the 18-month notes, in sharp contrast to the experience last September when a 12-year bond of $3\frac{1}{4}\%$

coupon and an extra month's interest was considered only mildly attractive in exchange for called Liberty bonds. At that time, holders of Libertys, offered a choice between the bonds and 2-year notes, took the latter avidly but were only induced to accept the longer-term obligations by having the books kept open until a market rally developed.

The current transaction marks the first successful long-term financing since last June, when the Treasury hit the market just before its summer peak with \$300 millions which sold at 3% . Excepting that occasion and one other back in 1931, when 3s were sold, the present financing is as cheap as any done with long-terms since the War.

Perhaps this is another straw to indicate that money is losing its mania for temporary employment, although there is, of course, the other factor that government bond buyers now look forward more confidently to the time when an end will come to new Treasury issuance. More than anything else, it has been the fear of higher coupons on later offerings that has held investment to short-term securities.

It is notable, however, that the shortest-term government issues, the Treasury bills, require a slightly larger discount than they did last July. Then, idle funds going into bills forced the

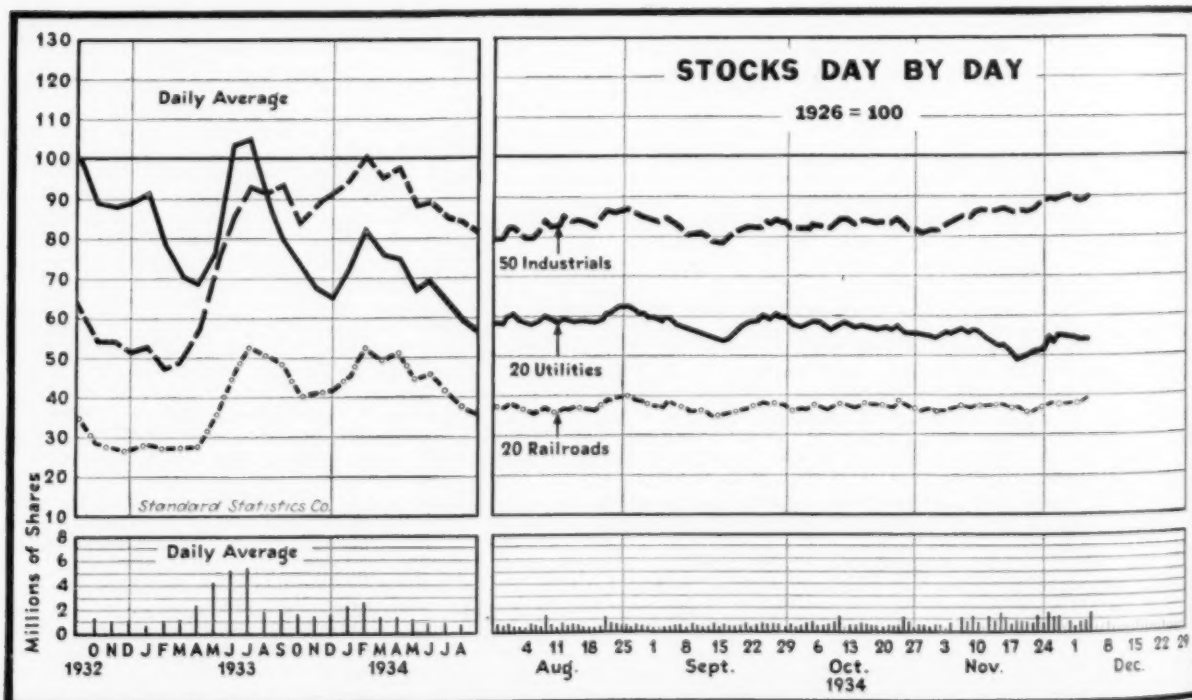
rate down to 0.07% , whereas recent sales have been at 0.22% . This is still nominal, but, the greater supply of funds available now would certainly dictate rates as low as ever before were money not going into some other type of investment.

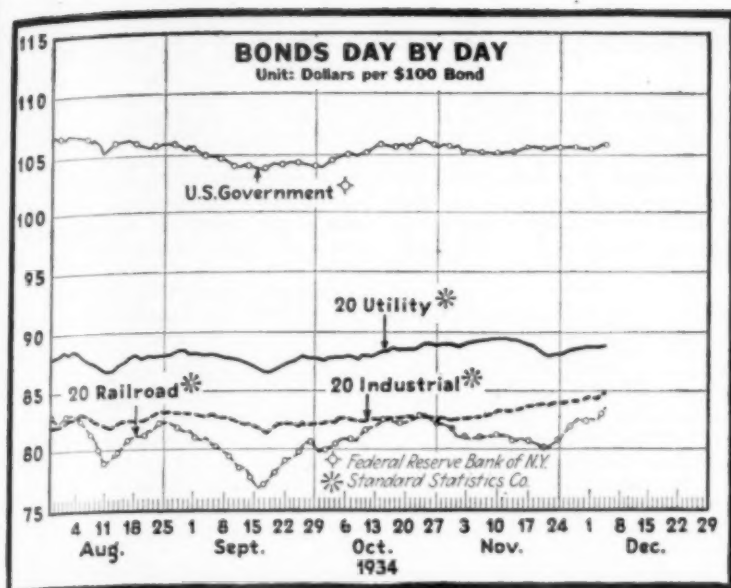
Banks are getting busier as the year-end approaches. Deposits have taken another bulge and loans have resumed the upturn recently as commercial activities start building up for the height of their season. Commercial loans are scarcely taking up the funds coming from the run-off of commercial paper and acceptances, however, so the banks are still increasing their investments.

Banks to Cooperate

Bankers are about ready to launch a widespread program of advertising evincing their willingness to open the coffers to any legitimate business need. The American Bankers Association is taking the leadership in the campaign. The idea will be to call attention to their readiness to make loans through cooperative advertising by clearing houses and other groups, in order to rub out the impression that those banks aggressively going after business are isolated exceptions, and to kill the talk about niggardly credit policies.

Meanwhile, government banks, like all others, discover that the collection end of the business must be tough regardless of how liberal the extension of loans is. The Home Owners' Loan Corp., holding some \$2 billions of mortgages on which 17% show delinquencies, is resorting to foreclosure in evident cases of willful default of payments. Governor Myers of Farm Credit Administration outlined for his organization "an energetic but fair policy" in collecting its loans.





Higher prices for gold will result in hanging up a new record for mining of the yellow metal in 1934, with expectations of 23 million oz. for the full year, half a million more than in 1933. For the first 10 months, production was just under 22 million oz. Russia has been the most important contributor to the gain. The Soviet, with 2.9 million oz., has passed the United States and Canada, each of which have produced 2.4 million oz., and is now second only to South Africa, which cut its production to 8.7 million oz. for the 10 months, from 9.2 million oz. the same period last year. Incidentally, the additional gold that poured in upon the Treasury during the recent export movement from Europe has put the government further behind in its silver-buying program. To match the gold increase with one-third as much silver calls for about 40 million oz. more of the latter.

Stocks

OPTIMISM in the share market is feeding liberally on good dividend news, prospects of a big holiday trade, counter-seasonal improvement in industry and strengthening confidence in the results of government-business cooperation. In moments of dullness when pessimism has an occasional inning, speculative thought turns to the early part of 1935, wondering about an after-Christmas let-down in the character of business news and the possibilities of unsettling action by the new Congress. At such times, however, a selective buying persists in issues particularly favored by immediate events and a steady accumulation from investment sources continues.

With such a sound underpinning, prices have little difficulty in coming out of rest periods on the up side. The market is so thin because of small volumes and the restrictions on artificial activity that little buying is needed to bring sharp price movements. Con-

versely, the liquidation on reactions continues to be negligible so that the path of least resistance is upward.

Foreign Buying

Investment buying of both odd-lot and large-scale caliber has shown up recently and foreign funds continue to come into the shares. This foreign interest is most helpful in the rails, which, having broken into the limelight of market attention, now display a buoyancy in sharp contrast to their backwardness throughout the summer. Suddenly the carriers have been labeled cheap and that seems sufficient foundation for their advance. The Wall Street rumor-mill, long silent, gave them a special fillip recently when it was reported that the freight rate increase was about to be announced. But hearings are still in progress and, although it is expected that at least a part of the petition will be granted, announcement is not likely to come for a month or more. It is indicative of the market's disposition, however, that the rumor gained currency. Wall Street is out looking for good news.

The November advance in stock prices, which amounted to 7%, was accomplished without a corresponding gain in collateral credit. Loans of New York Stock Exchange members as of Dec. 1 were only \$831 millions, 2.45% of the \$33.9 billions total market value of listed stocks. Loans had increased \$4 millions during the month, while stock values went up \$2,275 millions. This again emphasizes the investment character of buying and, of course, there remains that backlog of excess credit in over-margined brokerage accounts which have not yet resumed activity.

Dividends Encouraging

The flood of additional dividends (page 22) is a dual spur to the market. The declarations attract favorable attention to the companies announcing them; they also put extra funds in the hands of stockholders, some of whom are now in a financial position to rein-

vest windfalls. When institutions, estates, trusts look favorably upon stock investments for part of their funds, it is only logical that stockholders looking for a place to put money away should go right back to shares.

Bonds

RECOLLECTION of how government financing upset the market in September remained vivid enough to give bonds some pause upon the announcement of the new Treasury transaction this week, but, upon word of its outstanding success, prices moved ahead even more sharply. Extension of the rally brings domestic industrial issues to the highest point since 1931, well above their April and July high points. The recent performance of the railroad bonds has been even more impressive, with the speculative obligations of this group outshining the prime issues which have been inclined to level off their advance.

With the rail bonds, it is largely a matter of bouncing back from sub-normal levels, although there is a disposition to look more favorably upon their future. Probably not over a third of the major lines will fully cover fixed charges this year, which was worse than last for the majority of roads.

There has been a lull in the new financing market, if the recent modest activity allows such an expression. However, with indications that investors are more inclined toward longer-term securities the financial district is looking ahead to added business late in December and in January, ordinarily the heaviest months for reinvestment. December maturities are light and provision has been made for most of them as well as for the voluntarily called bonds.

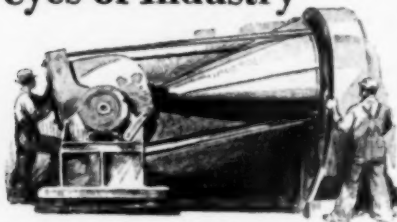
Municipal Offerings

Municipal offerings continue in fair volume, and whenever the flow of new bonds presents an opportunity, the Reconstruction Finance Corp. comes into the market to resell securities taken in return for advances.

An issue of \$18 millions for the Chesapeake Corp. has been registered with the Securities and Exchange Commission for early offering. Proceeds will be used to pay bank loans. The corporation chose registration voluntarily since a relatively simple shifting of its railroad investments would have enabled it to come under Interstate Commerce Commission jurisdiction and avoid the need of qualifying under the Securities Act. With its bank loans out of the way, there are some prospects for increasing dividends which would be very helpful to Allegheny Corp., principal stockholder, which is in difficulty.

What the year's advance in security values has meant to investment portfolios is disclosed by the fact that, in 1934 statements, insurance companies will return to the practice of listing market for more of their holdings. "Convention" values, arbitrarily set by commissioners during the period of depressed markets, will, with minor exceptions, be discontinued.

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Commodity Markets

MAJOR commodities, particularly cotton and wheat, have been trying to shake off the restraint under which they have moved recently and, in doing so, give promise of resuming a stronger leadership to price movements over the near future. Lack of such leadership from the normally most actively traded items has encouraged a sidewise drift throughout the markets. Under such circumstances, there has been little urge for industrial consumers to extend commitments and the big-scale buyers continue to hang back. Price movements are still largely restricted to scarcity items, particularly farm products, but purchasers would do well to keep a close watch over events in their various markets.

Firmer speculative markets could do much to spur on the laggard consumers, most of whom are drafting 1935 operating schedules on a higher plane without, so far, making provision for greater raw material needs. Better speculative markets would also make it easier for buyers of actuals to lay in stocks. In numerous commodities where a tight situation exists at the moment with chances of more liberal supplies ultimately, spot prices are so far above future contracts that hedging offers little advantage.

Hedging Discouraged

Particularly where exceptionally high quality is required, premiums or basis on actual commodities have so little relation to the future that the insurance features of the hedge are nullified. In too many instances, the distant future is at a discount involving greater expense for less protection against price fluctuations. Should futures close up these gaps, this would not only stimulate interest in covering requirements ahead but would restore the machinery through which that is ordinarily done.

Cotton spinners have shown more in-

terest in their raw material needs recently and foreign demand gives promise of increasing, but the potent influence on prices for the staple is certainty of the crop controls for next season.

Wheat has been able to break away from foreign markets, taking its cue from corn which has soared into the highest ground of 4 years. The only obstacles seen to even higher corn prices are imports or the substitution of wheat for feed purposes. The latter influence lifts domestic values for wheat and imports lift foreign markets.

In Importer Role

It looks now as though either France or Canada will sell us 15 to 20 million bushels of wheat for feed and, in addition, considerable quantities of milling grains will be brought in to offset failure of domestic sources. The idea of the United States' becoming an importer makes foreign markets nervous about their own supplies, as illustrated by the recent sudden advance in European corn prices upon the news that a small quantity of old crop Argentine corn had been brought in.

As importers, we may be able to strike back at the crop subsidy systems all over Europe. Under the law, wherever a foreign country pays a bounty for grain production, this country should add just that much to the tariff.

In contrast to high feed prices, hogs and cattle are selling at 4¢ to 5¢ on the farm, which of course does not justify feeding. President Roosevelt's farm manager gave him the answer to this discrepancy when he urged that the President's herd be held over the winter for a 100% increase in price. His good reason was that present livestock markets still reflect over-abundant receipts of stock that cannot be wintered, pre-agging shortages next spring.



Editorially Speaking—

THE first year of repeal was escorted into history Wednesday amid disillusioned laments from liquor men who 12 months earlier had looked to bottled spirits as a kind of Comstock lode. Profits have been disappointing to distillers, wholesalers, importers, and retailers alike. High taxes are saddled with much of the blame; inevitable price competition tore gaping holes in the profit columns; oppressive regulations brought unexpected costs. Distillers expected to sell 100 million gallons, sold 35 million. The tenacious bootlegger accounts for much of the difference.

AMERICANS who since 1929 have satisfied their travel itch by automobile apparently are thinking in bigger terms once again. Anyway, National Tours notes favorable public reaction to its schedule of 18 planned cruises, "largest cruise program ever offered by a travel organization over the same period of time—6 months."

SOME mathematician who does those things estimates that enough concrete will go into the High Dam (ultimate unit) at Grand Coulee, the government's big Columbia River power project in Washington, to circle the earth twice at the equator with a cement strip 1 ft. thick and 1 ft. high. Or, it would make a concrete shaft 100 ft. square and 48 miles high. Or, it would make one man, who tried to wheel it all in a barrow, pretty tired.

POWER companies now keep calendars marked for dark days and cloudy weather, on the desks of complaint clerks. And when Mrs. Z. Oswald Jones unleashes a kick over her bill, she is shown that calendar—which explains why on a particular day she turned on the electric light at 4 o'clock to mend Z. Oswald's socks.

"MILK as milk" they say, but milk in Chicago has a kick second only to liquor when it comes to commercial violences. Milk price warfare was responsible for 14 bombings in Cook County during the first 10 months of this year; liquor accounted for 16. On the whole, however, number of violences and damage done was materially reduced. Up into November there had been 62 bombings in the county, with damage of \$37,950, compared with 67 bombings and \$104,900 damage in the same 1933 period, and 95 bombings and \$123,600 damage 2 years ago.

In its program of hazard elimination the Pennsylvania Railroad has erected a big detector fence over 1,000 ft. long

and 40 ft. high in a deep rock cut west of Elizabethtown, Pa., to protect the passage of main line high speed trains. The fence, of 6-inch mesh galvanized wire, is electrically connected to the automatic signal system which gives warning of rock falls to trains approaching from either direction.

THE new \$548-million budget for 1935 just passed by New York City is bigger than the annual expense of many an important nation. Yet New York has had larger ones. The Japanese government will spend \$635 millions next year—a big budget for her. It cost Canada just \$358 millions to run its far-flung government last year; Belgium will use about \$695 millions during the present year.

THIRTEEN years ago, long before any of our bank buildings were air-conditioned, the Hong Kong and China Bank, in hot, steamy Shanghai, had done the job. The Joint Savings Society building, Shanghai's tallest (22 stories), also has just been conditioned. The first foreign style hotel, to be owned and operated by Chinese, is the Park Hotel, just opened at the corner of Bubbling Well and Park roads.

ONCE it was said that to lose the Blue Eagle was sentence of economic death. Latest returns, 550 have been withdrawn, 70 restored. With no recorded mortality.

NEW YORK CITY's experience with intoxication during the past year of repeal is belated ammunition for the drys. The wet argument that repeal would bring with it a swerve to temperance and fewer arrests for drunkenness sounded more effective than it worked—in New York's case. Arrests for inebriation in the city during the first 10 months of 1933 totaled just 2,516, while this year they numbered 3,118. Total arrests involving drunkenness jumped from 4,492 in the 1933 period to 5,357 in 1934. The city's deaths from alcoholism, however, were the lowest in 10 years—will be 578 by Jan. 1, against a high of 942 in 1931.

To fly supplies to remote mines adds a nickel to the cost of a can of beans. But to take them in by dog train costs more. So the planes are used increasingly. From remote mine regions planes carry out as much as 1½ tons of ore (it has to be rich) a trip, returning with barbed wire, bales of hay, drilling equipment, gasoline drums, dog teams, and food. One plane carried out 75,000 lb. of ore in 12 days over an impassable 45-mile stretch of land.

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The Problem of Relief

Beside the problem of how best to deal with 10 millions of unemployed, all other governmental perplexities seem secondary. The budget, taxes, business recovery, private investment past and future, and great social questions all must be weighed before any solution is adopted. It is as grave a situation as any peacetime Administration ever faced.

There is no perfect solution. There is none which will not do harm somewhere, and therefore be open to legitimate criticism. Nor is compromise possible on all issues. The Administration must in the end choose the course that seems to do the most good and the least harm, and endure whatever criticism ensues.

Should relief be made as cheap as possible? Which is better, simple disbursement of money, or should every man work for his bread? If he works, should the government try to provide the maximum number of jobs, or should government be careful to keep off the premises which private investors may be encouraged to occupy? These are a few of the questions.

It must be comfortable to have the kind of mind that knows all the answers, off-hand.

One view, widely held by conservatives, is that the budget is the all-important thing. The corollary of this view is that relief should be as inexpensive as it can be made, to the end that the tax burden may be lightened and balanced budgets brought nearer. Work relief costs from 2 to 4 times as much as a cash dole.

But giving cash to individuals to spend in retail stores is not the least expensive form of relief. Cheapest of all would be "production for use." The government could man idle factories with the unemployed and, by a system akin to barter, make goods to be swapped about among those on relief. Next most economical, the government could buy in tremendous lots, as it does for the army and navy, and distribute the goods to its wards.

If anyone insists on economy, these are the ways to proceed. But what happens then? What if 10 million unemployed and their families are subtracted from the customers of factories, wholesalers, and retailers? Doesn't this make the beginning of a new vicious spiral?

Of course, this ignores entirely a human problem. Short of starvation, there is nothing more demoralizing than the money dole. To have lived on the dole for a year or more undoubtedly has done serious damage already to the character of hundreds of thousands of Americans. Investigators report that most of them still want work—but that the number who are content to live at public expense is increasing.

The eventual cost of creating in America a huge class which prefers a dole to a job will far surpass the danger of deferring budget-balancing.

So much for one aspect of the problem. Every indication is that the President is choosing a road between the grandiose plan of Secretary Ickes, who would spend and spend and spend to make jobs, and ideas of those who would abandon public works entirely.

The President hopes for a program which will make jobs, yet not encroach on private initiative, nor discourage it. He would make every employable person work for his bread, and turn the unemployables and the incorrigibly lazy over to the states and cities. It is not a perfect solution. There is none. But it has the merit of avoiding extremes.

They Actually Were Loans, Not Grants

Home owners to the number of 650,000 mortgaged their real property to the Home Owners' Loan Corp. on terms that call for regular payments of interest and amortization. Pessimists said the borrowers would regard

the money as a grant, would never pay up, and the government never would do anything about it.

Well, up to now, 70% of all borrowers are meeting payments on the day they are due. Another 13% pay within 60 days of due date. There are 17% of borrowers who are more than 60 days late. But of that number, only a few show evidence of being deliberate defaulters, nearly all have demonstrated clearly that they are good, if slow, risks. This record is probably as good as any bank's. And it is happily reinforced by the fact that farm loans are being repaid in amounts and on early dates which have outstripped all predictions.

It is good news also that the HOLC has started foreclosures against deliberate delinquents. To serve notice so promptly and effectively of its future policy is a highly salutary thing. More is involved than money; a basic principle of the proper relationship between citizen and government is at stake.

TVA Case Calls For Early Decision

It's all in the point of view. The newspapers and the stock market interpreted the decision of Judge Grubb in the case of utility stockholders against the TVA as unfavorable to the government. Messrs. Richberg and Lilienthal say it is a government victory.

Judge Grubb ruled that the federal government could produce and sell electric power as incidental by-product of works intended primarily to improve navigation and control floods.

Fine! said Messrs. Richberg and Lilienthal. That is precisely the basis of the law under which TVA operates—we are sustained.

It is queer language for a sustaining opinion. Listen:

"The TVA, if the averments of the bill are sustained, is engaged in producing and selling electric power in Alabama, in an enterprise having no substantial relation to the improvement of navigation or any constitutional power, on an elaborate scale, building dams designed for maximum electric power production to increase surplus power; fixing rates and terms in displacement of State functions, with the declared purpose to increase the magnitude of the enterprise in the future. This is not a plan involving only the disposing of surplus electric power necessarily created in the improvement of navigation of the Tennessee River."

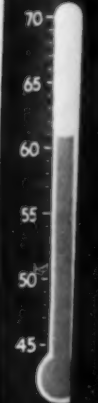
The sooner this case emerges from the Supreme Court, the better.

DEC.

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